



INTERNATIONAL

Herald Tribune

Published with The New York Times and The Washington Post

BRISBANE: Friday, sunny early, cloudy later. 20°C. LONDON: Friday, foggy, Temp. 3-10°C. 20°C. ROMA: Friday, foggy, Temp. 17-19°C. SINGAPORE: Friday, sunny early, cloudy later. 20°C. NEW YORK: Friday, cloudy, Temp. 17-19°C.

JOHANNESBURG: Friday, sunny, Temp. 18-21°C.

PARIS WEATHER DATA - PAGE 21

1,520

**R

PARIS, FRIDAY, APRIL 3, 1981

Established 1887

ai Coup Leaders Ask to Talk King as Pressure Increases

By Agency Dispatches

OK — Rebel leaders, in tanks at their door, airport escape route to Bangkok Thursday to negotiate. Phumibol, and the king, agreed to the request.

Broadcasts said King would meet with Gen. Prem, who masterminded the bloodless coup that forced Prem to flee the capital. Time was an-

alyists said the re-

lief "first concrete indi-

cant wants to negoti-

ation. They said Gen.

was unprepared for it, and predicted Gen.

id return to power.

is also issued a pass-

for peace among Thai-

million Buddhists and

n. Sant and Gen. Prem

compassion for each

the sake of the people

loyalty to the king."

Army commanders who

to overthrow Gen. Prem

today to rally the Bang-

kok public to their side. Gen. Prem

claimed the allegiance of the com-

manders of three of the country's

four regional armies, along with

that of the commanders of the air

force, the navy and the special

forces.

Ignoring Gen. Prem's demand

that they surrender, Gen. Sant and

his associates called the public to a

mass rally in Bangkok to explain the

reasons for the coup attempt.

Gen. Prem, in a broadcast from his

headquarters in northeastern Thailand, urged the people to stay home. Only about 1,000 showed up.

In another attempt to court public favor, the rebels officers announced on Radio Thailand that they would reconvene the parliament and allow it to choose a premier within 15 days. The plotters dissolved the parliament and suspended the constitution at the start of their coup attempt.

Gen. Prem, who is also com-

mander-in-chief of the army,

dispatched a troop column toward

Bangkok; it was reported to be moving unopposed. He also sent two air force fighter jets streaking

over army headquarters in Bangkok to reinforce his ultimatum to the rebel generals.

Neither the jets nor the pro-Sant troops on the ground fired any shots.

Observers took the flight to sig-

ify that Gen. Prem controlled the

air force. Air force officers backing

Gen. Prem threw up bunkers

Thursday at Bangkok's Don Muang

airport, 15 miles outside the

capital, securing it for loyalists and cutting off escape for the coup leaders.

Pamphlets dropped over the

capital told low-ranking backers of

the coup they would not be pun-

ished if they returned to their bar-

racks, and soldiers who had joined

Wednesday's coup with bravado

were quietly slipping away. Mil-

itary sources said Gen. Sant's

forces appeared to be defeating

the rebels.

It was the sixth attempted coup

in Thailand since 1971 and the

first in which the incumbent did

not step aside for another member of

the military establishment. One

Thai observer who asked not to be

identified speculated that Gen. Sant

had been goaded into action

by a group of young officers impa-

tient with recent squabbling

among the political parties in Gen.

Prem's coalition Cabinet of mil-

itary men and civilian politicians.

Gen. Sant, 59, who was hand-

picked by Gen. Prem as deputy

commander of the military, was

denied the top position in the army

last year when Parliament passed a

law that enabled Gen. Prem to re-

tain the post beyond the mandatory

retirement age of 60.

The coup leaders — Gen. Sant,

another general commanding the

Bangkok garrison and 12 young

colonels — repeatedly criticized

the 13-month-old Prem govern-

ment for its failure to solve eco-

nomic problems.

From Korat, Gen. Prem broad-

cast a conciliatory message. "The

people involved in the revolution-

ary group include our friends," he

said.

It was the first attempt to court public favor to count their supporters on the ground fired any shots.

Neither the jets nor the pro-Sant

troops on the ground fired any shots.

Observers took the flight to sig-

ify that Gen. Prem controlled the

air force. Air force officers backing

Gen. Prem threw up bunkers

Thursday at Bangkok's Don Muang

airport, 15 miles outside the

capital, securing it for loyalists and

cutting off escape for the coup leaders.

Pamphlets dropped over the

capital told low-ranking backers of

the coup they would not be pun-

ished if they returned to their bar-

racks, and soldiers who had joined

Wednesday's coup with bravado

were quietly slipping away. Mil-

itary sources said Gen. Sant's

forces appeared to be defeating

the rebels.

It was the sixth attempted coup

in Thailand since 1971 and the

first in which the incumbent did

not step aside for another member of

the military establishment. One

Thai observer who asked not to be

identified speculated that Gen. Sant

had been goaded into action

by a group of young officers impa-

tient with recent squabbling

among the political parties in Gen.

Prem's coalition Cabinet of mil-

itary men and civilian politicians.

Gen. Sant, 59, who was hand-

picked by Gen. Prem as deputy

commander of the military, was

denied the top position in the army

last year when Parliament passed a

law that enabled Gen. Prem to re-

tain the post beyond the mandatory

retirement age of 60.

The coup leaders — Gen. Sant,

another general commanding the

Bangkok garrison and 12 young

colonels — repeatedly criticized

the 13-month-old Prem govern-

ment for its failure to solve eco-

nomic problems.

From Korat, Gen. Prem broad-

cast a conciliatory message. "The

people involved in the revolution-

ary group include our friends," he

said.

It was the first attempt to court

public favor to count their supporters on the ground fired any shots.

Neither the jets nor the pro-Sant

troops on the ground fired any shots.

Observers took the flight to sig-

ify that Gen. Prem controlled the

air force. Air force officers backing

Gen. Prem threw up bunkers

Thursday at Bangkok's Don Muang

airport, 15 miles outside the

capital, securing it for loyalists and

cutting off escape for the coup leaders.

Pamphlets dropped over the

capital told low-ranking backers of

the coup they would not be pun-

ished if they returned to their bar-

racks, and soldiers who had joined

Wednesday's coup with bravado

were quietly slipping away. Mil-

itary sources said Gen. Sant's

forces appeared to be defeating

the rebels.

It was the sixth attempted coup

in Thailand since 1971 and the

first in which the incumbent did

not step aside for another member of

the military establishment. One

Thai observer who asked not to be

identified speculated that Gen. Sant

had been goaded into action

by a group of young officers impa-

tient with recent squabbling

among the political parties in Gen.

Prem's coalition Cabinet of mil-

itary men and civilian politicians.

Gen. Sant, 59, who was hand-

picked by Gen. Prem as deputy



United Press International
West German Foreign Minister Hans-Dietrich Genscher, on the left, is met by Soviet Foreign Minister Andrei A. Gromyko at the beginning of Mr. Genscher's official visit to Moscow.

Genscher, Gromyko Open Talks

West German Urges Russian Moderation in Poland

By R.W. Apple Jr.
New York Times Service

MOSCOW — Hans-Dietrich Genscher, the West German foreign minister, urged the Soviet Union Thursday to act with moderation in international affairs, especially in regard to Poland and Afghanistan.

At a three-hour meeting with his Soviet counterpart, Andrei A. Gromyko, Mr. Genscher stressed that he had found the Polish government serious and responsible on his recent visit to Warsaw. He said West Germany would consider Soviet intervention there a flagrant

violation of the 1975 Helsinki Accords.

But Mr. Genscher, the first high-level Western official to visit the Kremlin since the inauguration of President Reagan, also emphasized, according to West German sources, that Chancellor Helmut Schmidt remained committed to open relations with the East first begun in 1970.

The sources said Mr. Genscher had told Mr. Gromyko that West German policy was fixed and did not fluctuate "like the stock market." And he said that if he had to go back to 1970 he would institute

the same policy again, despite events in Afghanistan and Western apprehensions over Poland.

Mr. Gromyko was reported to have made no reply to his visitor's comments on Poland.

Pravda Attack

Only hours before Mr. Genscher's arrival, Pravda, the party newspaper, attacked Polish Communists for the first time, accusing them of doing nothing to prevent what it called a dangerously anti-Socialist meeting in Warsaw last month. It said the meeting, held at Warsaw University, had been organized by a dissident group and had featured speakers who asserted that Marxism had already failed in Poland.

"It is noted here," the paper said in a Warsaw dispatch, "that the Warsaw party organizations did not make any kind of ideological rebuttal to those who spoke at the meeting."

According to Pravda, the dissident Adam Michnik said at the meeting that Socialism in Poland should be replaced by a national-democratic form of government. The paper described his speech as a series of "unbridled attacks" on Communism.

Since the installation of Stanislaw Kania as first secretary of the Polish Communist Party last September, neither Pravda nor other major Soviet newspapers have directly criticized the party, although they have reprinted critical pieces from newspapers in Eastern Europe.

Tass Comment

Tass issued only a brief communiqué on the Genscher-Gromyko talks, heading it "a business-like atmosphere." A West German official said the talks had been "broad, frank and clear."

Apparently the atmosphere was reasonably cordial, because the two men spent an hour longer together than scheduled and agreed to start an hour earlier than scheduled Friday. Mr. Genscher also has a tentative appointment to see Leonid I. Brezhnev, the Soviet leader, Friday afternoon before a dinner for Mr. Gromyko.

According to the West German sources, Mr. Genscher stressed that he had had extensive consultations with the Western allies before coming to Moscow but would not act as a spokesman.

The most important point on the international agenda, he told Mr. Gromyko, was to restart the dialogue between Moscow and Washington, not only on strategic arms limitation but also on broad political points. He said West Germany would not budge from its commitment to the installation of U.S. Cruise missiles in Western Europe, serving notice that the Kremlin would then set the case directly to a grand jury.

After the 18-minute hearing, U.S. Attorney Charles F.C. Ruff told reporters that the magistrate's order committed Mr. Hinckley under federal law to an institution "for a mental examination to determine his sanity." The identity of the institution was not disclosed.

SUSPECT'S FATHER — John Hinckley, the father of the man charged in the shooting of President Reagan, opens the door of his home to receive telegrams carried by a state patrolman. The family has been in seclusion since the shooting attack.

United Press International

John Hinckley, the father of the man charged in the shooting of President Reagan, opens the door of his home to receive telegrams carried by a state patrolman. The family has been in seclusion since the shooting attack.

SUSPECT'S FATHER — John Hinckley, the father of the man charged in the shooting of President Reagan, opens the door of his home to receive telegrams carried by a state patrolman. The family has been in seclusion since the shooting attack.

SUSPECT'S FATHER — John Hinckley, the father of the man charged in the shooting of President Reagan, opens the door of his home to receive telegrams carried by a state patrolman. The family has been in seclusion since the shooting attack.

SUSPECT'S FATHER — John Hinckley, the father of the man charged in the shooting of President Reagan, opens the door of his home to receive telegrams carried by a state patrolman. The family has been in seclusion since the shooting attack.

SUSPECT'S FATHER — John Hinckley, the father of the man charged in the shooting of President Reagan, opens the door of his home to receive telegrams carried by a state patrolman. The family has been in seclusion since the shooting attack.

SUSPECT'S FATHER — John Hinckley, the father of the man charged in the shooting of President Reagan, opens the door of his home to receive telegrams carried by a state patrolman. The family has been in seclusion since the shooting attack.

SUSPECT'S FATHER — John Hinckley, the father of the man charged in the shooting of President Reagan, opens the door of his home to receive telegrams carried by a state patrolman. The family has been in seclusion since the shooting attack.

SUSPECT'S FATHER — John Hinckley, the father of the man charged in the shooting of President Reagan, opens the door of his home to receive telegrams carried by a state patrolman. The family has been in seclusion since the shooting attack.

SUSPECT'S FATHER — John Hinckley, the father of the man charged in the shooting of President Reagan, opens the door of his home to receive telegrams carried by a state patrolman. The family has been in seclusion since the shooting attack.

SUSPECT'S FATHER — John Hinckley, the father of the man charged in the shooting of President Reagan, opens the door of his home to receive telegrams carried by a state patrolman. The family has been in seclusion since the shooting attack.

SUSPECT'S FATHER — John Hinckley, the father of the man charged in the shooting of President Reagan, opens the door of his home to receive telegrams carried by a state patrolman. The family has been in seclusion since the shooting attack.

SUSPECT'S FATHER — John Hinckley, the father of the man charged in the shooting of President Reagan, opens the door of his home to receive telegrams carried by a state patrolman. The family has been in seclusion since the shooting attack.

SUSPECT'S FATHER — John Hinckley, the father of the man charged in the shooting of President Reagan, opens the door of his home to receive telegrams carried by a state patrolman. The family has been in seclusion since the shooting attack.

SUSPECT'S FATHER — John Hinckley, the father of the man charged in the shooting of President Reagan, opens the door of his home to receive telegrams carried by a state patrolman. The family has been in seclusion since the shooting attack.

SUSPECT'S FATHER — John Hinckley, the father of the man charged in the shooting of President Reagan, opens the door of his home to receive telegrams carried by a state patrolman. The family has been in seclusion since the shooting attack.

SUSPECT'S FATHER — John Hinckley, the father of the man charged in the shooting of President Reagan, opens the door of his home to receive telegrams carried by a state patrolman. The family has been in seclusion since the shooting attack.

SUSPECT'S FATHER — John Hinckley, the father of the man charged in the shooting of President Reagan, opens the door of his home to receive telegrams carried by a state patrolman. The family has been in seclusion since the shooting attack.

SUSPECT'S FATHER — John Hinckley, the father of the man charged in the shooting of President Reagan, opens the door of his home to receive telegrams carried by a state patrolman. The family has been in seclusion since the shooting attack.

SUSPECT'S FATHER — John Hinckley, the father of the man charged in the shooting of President Reagan, opens the door of his home to receive telegrams carried by a state patrolman. The family has been in seclusion since the shooting attack.

SUSPECT'S FATHER — John Hinckley, the father of the man charged in the shooting of President Reagan, opens the door of his home to receive telegrams carried by a state patrolman. The family has been in seclusion since the shooting attack.

SUSPECT'S FATHER — John Hinckley, the father of the man charged in the shooting of President Reagan, opens the door of his home to receive telegrams carried by a state patrolman. The family has been in seclusion since the shooting attack.

SUSPECT'S FATHER — John Hinckley, the father of the man charged in the shooting of President Reagan, opens the door of his home to receive telegrams carried by a state patrolman. The family has been in seclusion since the shooting attack.

SUSPECT'S FATHER — John Hinckley, the father of the man charged in the shooting of President Reagan, opens the door of his home to receive telegrams carried by a state patrolman. The family has been in seclusion since the shooting attack.

SUSPECT'S FATHER — John Hinckley, the father of the man charged in the shooting of President Reagan, opens the door of his home to receive telegrams carried by a state patrolman. The family has been in seclusion since the shooting attack.

SUSPECT'S FATHER — John Hinckley, the father of the man charged in the shooting of President Reagan, opens the door of his home to receive telegrams carried by a state patrolman. The family has been in seclusion since the shooting attack.

SUSPECT'S FATHER — John Hinckley, the father of the man charged in the shooting of President Reagan, opens the door of his home to receive telegrams carried by a state patrolman. The family has been in seclusion since the shooting attack.

SUSPECT'S FATHER — John Hinckley, the father of the man charged in the shooting of President Reagan, opens the door of his home to receive telegrams carried by a state patrolman. The family has been in seclusion since the shooting attack.

SUSPECT'S FATHER — John Hinckley, the father of the man charged in the shooting of President Reagan, opens the door of his home to receive telegrams carried by a state patrolman. The family has been in seclusion since the shooting attack.

SUSPECT'S FATHER — John Hinckley, the father of the man charged in the shooting of President Reagan, opens the door of his home to receive telegrams carried by a state patrolman. The family has been in seclusion since the shooting attack.

SUSPECT'S FATHER — John Hinckley, the father of the man charged in the shooting of President Reagan, opens the door of his home to receive telegrams carried by a state patrolman. The family has been in seclusion since the shooting attack.

SUSPECT'S FATHER — John Hinckley, the father of the man charged in the shooting of President Reagan, opens the door of his home to receive telegrams carried by a state patrolman. The family has been in seclusion since the shooting attack.

SUSPECT'S FATHER — John Hinckley, the father of the man charged in the shooting of President Reagan, opens the door of his home to receive telegrams carried by a state patrolman. The family has been in seclusion since the shooting attack.

SUSPECT'S FATHER — John Hinckley, the father of the man charged in the shooting of President Reagan, opens the door of his home to receive telegrams carried by a state patrolman. The family has been in seclusion since the shooting attack.

SUSPECT'S FATHER — John Hinckley, the father of the man charged in the shooting of President Reagan, opens the door of his home to receive telegrams carried by a state patrolman. The family has been in seclusion since the shooting attack.

SUSPECT'S FATHER — John Hinckley, the father of the man charged in the shooting of President Reagan, opens the door of his home to receive telegrams carried by a state patrolman. The family has been in seclusion since the shooting attack.

SUSPECT'S FATHER — John Hinckley, the father of the man charged in the shooting of President Reagan, opens the door of his home to receive telegrams carried by a state patrolman. The family has been in seclusion since the shooting attack.

SUSPECT'S FATHER — John Hinckley, the father of the man charged in the shooting of President Reagan, opens the door of his home to receive telegrams carried by a state patrolman. The family has been in seclusion since the shooting attack.

SUSPECT'S FATHER — John Hinckley, the father of the man charged in the shooting of President Reagan, opens the door of his home to receive telegrams carried by a state patrolman. The family has been in seclusion since the shooting attack.

SUSPECT'S FATHER — John Hinckley, the father of the man charged in the shooting of President Reagan, opens the door of his home to receive telegrams carried by a state patrolman. The family has been in seclusion since the shooting attack.

SUSPECT'S FATHER — John Hinckley, the father of the man charged in the shooting of President Reagan, opens the door of his home to receive telegrams carried by a state patrolman. The family has been in seclusion since the shooting attack.

SUSPECT'S FATHER — John Hinckley, the father of the man charged in the shooting of President Reagan, opens the door of his home to receive telegrams carried by a state patrolman. The family has been in seclusion since the shooting attack.

SUSPECT'S FATHER — John Hinckley, the father of the man charged in the shooting of President Reagan, opens the door of his home to receive telegrams carried by a state patrolman. The family has been in seclusion since the shooting attack.

SUSPECT'S FATHER — John Hinckley, the father of the man charged in the shooting of President Reagan, opens the door of his home to receive telegrams carried by a state patrolman. The family has been in seclusion since the shooting attack.

SUSPECT'S FATHER — John Hinckley, the father of the man charged in the shooting of President Reagan, opens the door of his home to receive telegrams carried by a state patrolman. The family has been in seclusion since the shooting attack.

SUSPECT'S FATHER — John Hinckley, the father of the man charged in the shooting of President Reagan, opens the door of his home to receive telegrams carried by a state patrolman. The family has been in seclusion since the shooting attack.

SUSPECT'S FATHER — John Hinckley, the father of the man charged in the shooting of President Reagan, opens the door of his home to receive telegrams carried by a state patrolman. The family has been in seclusion since the shooting attack.

SUSPECT'S FATHER — John Hinckley, the father of the man charged in the shooting of President Reagan, opens the door of his home to receive telegrams carried by a state patrolman. The family has been in seclusion since the shooting attack.

SUSPECT'S FATHER — John Hinckley, the father of the man charged in the shooting of President Reagan, opens the door of his home to receive telegrams carried by a state patrolman. The family has been in seclusion since the shooting attack.

SUSPECT'S FATHER — John Hinckley, the father of the man charged in the shooting of President Reagan, opens the door of his home to receive telegrams carried by a state patrolman. The family has been in seclusion since the shooting attack.

SUSPECT'S FATHER — John Hinckley, the father of the man charged in the shooting of President Reagan, opens the door of his home to receive telegrams carried by a state patrolman. The family has been in seclusion since the shooting attack.

SUSPECT'S FATHER — John Hinckley, the father of the man charged in the shooting of President Reagan, opens the door of his home to receive telegrams carried by a state patrolman. The family has been in seclusion since the shooting attack.

SUSPECT'S FATHER — John Hinckley, the father of the man charged in the shooting of President Reagan, opens the door of his home to receive telegrams carried by a state patrolman. The family has been in seclusion since the shooting attack.

SUSPECT'S FATHER — John Hinckley, the father of the man charged in the shooting of President Reagan, opens the door of his home to receive telegrams carried by a state patrolman. The family has been in seclusion since the shooting attack.

SUSPECT'S FATHER — John Hinckley, the father of the man charged in the shooting of President Reagan, opens the door of his home to receive telegrams carried by a state patrolman. The family has been in seclusion since the shooting attack.

SUSPECT'S FATHER — John Hinckley, the father of the man charged in the shooting of President Reagan, opens the door of his home to receive telegrams carried by a state patrolman. The family has been in seclusion since the shooting attack.

SUSPECT'S FATHER — John Hinckley, the father of the man charged in the shooting of President Reagan, opens the door of his home to receive telegrams carried by a state patrolman. The family has been in seclusion since the shooting attack.

SUSPECT'S FATHER — John Hinckley, the father of the man charged in the shooting of President Reagan, opens the door of his home to receive telegrams carried by a state patrolman. The family has been in seclusion since the shooting attack.

SUSPECT'S FATHER — John Hinckley, the father of the man charged in the shooting of President Reagan, opens the door of his home to receive telegrams carried by a state patrolman. The family has been in seclusion since the shooting attack.

SUSPECT'S FATHER — John Hinckley, the father of the man charged in the shooting of President Reagan, opens the door of his home to receive telegrams carried by a state patrolman. The family has been in seclusion since the shooting attack.

SUSPECT'S FATHER — John Hinckley, the father of the man charged in the shooting of President Reagan, opens the door of his home to receive telegrams carried by a state patrolman. The family has been in seclusion since the shooting attack.

SUSPECT'S FATHER — John Hinckley, the father of the man charged in the shooting of President Reagan, opens the door of his home to receive telegrams carried by a state patrolman. The family has been in seclusion since the shooting attack.

SUSPECT'S FATHER — John Hinckley, the father of the man charged in the shooting of President Reagan, opens the door of his home to receive telegrams carried by a state patrolman. The family has been in seclusion since the shooting attack.

SUSPECT'S FATHER — John Hinckley, the father of the man charged in the shooting of President Reagan, opens the door of his home to receive telegrams carried by a state patrolman. The family has been in seclusion since the shooting attack.

SUSPECT'S FATHER — John Hinckley, the father of the man charged in the shooting of President Reagan, opens the door of his home to receive telegrams carried by a state patrolman. The family has been in seclusion since the shooting attack.

SUSPECT'S FATHER — John Hinckley, the father of the man charged in the shooting of President Reagan, opens the door of his home to receive telegrams carried by a state patrolman. The family has been in seclusion since the shooting attack.

SUSPECT'S FATHER — John Hinckley, the father of the man charged in the shooting of President Reagan, opens the door of his home to receive telegrams carried by a state patrolman. The family has been in seclusion since the shooting attack.

SUSPECT'S FATHER — John Hinckley, the father of the man charged in the shooting of President Reagan, opens the door of his home to receive telegrams carried by a state patrolman. The family has been in seclusion since the shooting attack.

SUSPECT'S FATHER — John Hinckley, the father of the man charged in the shooting of President Reagan, opens the door of his home to receive telegrams carried by a state patrolman. The family has been in seclusion since the shooting attack.

SUSPECT'S FATHER — John Hinckley, the father of the man charged in the shooting of President Reagan, opens the door of his home to receive telegrams carried by a state patrolman. The family has been in seclusion since the shooting attack.

Winston Reorganizes the Pentagon He Can Concentrate on Policy Issues

Richard Halloran

New York Times Service

Winston — Secretary of Defense Caspar W. Weinberger has his first extensive review in the Pentagon to focus on security policy by delegating to execute that policy for defense officials.

Secretary, in an order that only revises the manner annual and long-range objectives are to be pursued to be seeking to centralized procedures said by Robert S. L. as secretary of defense.

Weinberger's order also directed was known as zeroing in, a management called by the Carter administration which officials to justify each program when necessary. Mr. Weinberger if required too much and "served no tangible



Frank C. Carlucci

for the development and execution of the necessary programs and the day-to-day management of the resources under their control.

Mr. Carlucci said that internal discussion of pending decisions was expected. "We want to assure that these positions are fully articulated at the appropriate level," he said. "We also encourage dissent."

But he added, "once the secretary and I have made the policy decisions, we insist on full support in the implementation of those decisions."

The deputy secretary, who is reportedly a skilled bureaucratic manager, warned that economy and efficiency were demanded. "I expect to enforce the necessary discipline during the entire process," he said.

Others Will Do It

He further cautioned that "we should all remember that, if we do not produce some real savings and lower costs in many programs, others will do it for us." That appeared to refer to the Office of Management and Budget in the White House and to Congress.

Mr. Carlucci's memorandum said that the three service secretaries would be added to the Defense Resources Board, the department's top management group. It now includes most of the undersecretaries and the assistant secretaries of defense.

Day-to-Day Management

In his memorandum on the new management system, Mr. Carlucci said that the objective was to achieve "centralized control of executive policy direction and more decentralized policy execution." He said that Mr. Weinberger and he would "concentrate on major policy decisions, definition of planning goals and the allocation of resources."

"To support these policies and plans," he said, "we will hold each of the service secretaries responsible to" nearly

Senate Rejects Cut Social Security Rises

Helen Dewar

Washington Post Service

NGTON — The Senate, in virtual lock-step with Reagan on budget priorities, emphatically rejected a scale back the automatic living increases for many and other federal

spouse from Sen. Ernest F. Hollings, Democrat of South Carolina, would have saved \$2.6 billion in 1982 by pegging living increases to a wage it rises less than the Commerce Index. The increases based on the CPI, and give that it overstates the inflation on actual living socially for retirees.

ollings' proposal was defeated by a vote of 12- most Democrats as well as 10 Republicans who were refusing to go alone in tampering with Social benefits, especially in Reagan administration op- any changes in the cost-index at this time.

ail, Sen. Hollings argued. Mr. Reagan's budget efforts would fail without a budget proposal. "I'll send him over to the present and tell him the is turning around," Sen. said. "That's a bunk. We're it faster than we're re- Why? Because of the cost-of-living indexes."

Losing Stake

their unbroken losing far on the budget, Senate also continued to pound away at Mr. proposed spending cuts programs in the apparent history will prove

ven many Democrats to be tiring of the effort more liberal colleagues to vote on every political budget cut. As the longer, the vote mar- to be growing wider.

five days of debate on worth of spending re- for the next fiscal year, by the Senate of the first, the Reagan program was no conclusion. The only was when.

rats still planned to offer 0 amendments, most of them at restoring funds for programs that Mr. Reagan used to cut back or eliminate.

licans, confident of even- try, let the Democrats talk

By Bernard D. Nossiter

New York Times Service

CABUTA, Angola — At a bend in the road, 40 boys and girls in blue shorts and red-peaked garrison caps stand solemnly, holding hand-lettered placards in English reading, "Reagan is a racist, war-monger but victory is certain" and "SWAPO condemns USA collaboration with South Africa and its puppets."

On a signal from a tall girl with a drum, the group sings songs praising the guerrilla fighters of the South-West Africa People's Organization, promising quick and certain freedom for South-West Africa (Namibia).

This is the carefully rehearsed introduction for visitors to a camp for about 10,000 children on an abandoned coffee plantation 200 miles southeast of Luanda, Angola's capital. Its residents have fled from the war in South-West Africa, and they are heavily indoctrinated to return as guerrillas.

The camp's deputy director and principal of schools, Nangu Luumba, wears a khaki uniform and insists that none of the children have been summoned from South-West Africa by the guerrilla organization. "They are coming out because they are being forced."

U.S. Sending Green Berets to Help Train Liberians

The Associated Press

WASHINGTON — The United States is sending a team of about 100 Green Berets to Liberia to take part in a monthlong training exercise, a State Department spokesman said.

In addition, the destroyer Thorne will make a "goodwill port call" in Monrovia April 12-13, spokesman William J. Dyess said on Wednesday.

The Thorne is scheduled to arrive on the first anniversary of the assassination of President William Tol-

bert and the overthrow of his government in a military coup organized by Liberian Army enlisted men and led by Master Sgt. Samuel K. Doe.

In response to questions, Mr. Dyess said that sending the military training team and destroyer can be interpreted as an "expression of strengthening ties" between the United States and Liberia's government. He said that the Special Forces unit will help train Liberian soldiers in command and control, communications, first aid, weapons and tactics.

You could be missing a great offer!

Everybody knows that the Volvo Turbo is something really special. Striking elegance, commanding performance, terrific handling and solid reliability have put it in a class of its own. But not everybody knows that the Volvo Turbo is available at a special price when you buy it through Volvo Tourist & Diplomat Sales. Did you know? To find out if you qualify, fill in the coupon and send it to Volvo Car Corporation, Tourist & Diplomat Sales, S-405 06 Göteborg, Sweden.

Name
Address
City
Country
Telephone

VOLVO
Tourist & Diplomat Sales

1H8

كذا من الأصل

Nicaraguan Exiles Claim They Are Set for Attack

By Alan Riding

New York Times Service

Nicaragua is unavoidable," a Honduran politician said.

Some foreign diplomats asserted that the Honduran Army was creating a "war scare" in the hope of obtaining greater U.S. military aid. They pointed out that although Honduras and El Salvador signed a peace treaty in December, a decade after they fought a brief border war, Honduras has been alarmed by stepped-up U.S. military assistance to the Salvadoran junta to help it combat a leftist guerrilla threat.

Some Honduran politicians, on the other hand, charge that hostilities with Nicaragua would give the Honduran Army the opportunity of staying in power after general elections scheduled for later this year. The president, Gen. Polanco P. Paz Garcia, is committed to returning the country to civilian rule for the first time since 1972, but some senior officers are said to be reluctant to return to the barracks.

"Nicaragua cannot be liberated only by Nicaraguans, just as Somoza was not overthrown only by Nicaraguans," said Jose Francisco Cardenal, a leader of the exiled Nicaraguan Democratic Union. "But we can't wait six months. By then the Sandinistas will be too strong. The green light has to come soon from the United States."

Militia in Training

Although "counterrevolutionary" bands have frequently attacked Sandinista border posts in recent months, Nicaragua, in building up its military strength, has apparently been prompted more by the fear that the exiles are backed by both the Reagan administration and the military governments of the region. A 200,000-man popular militia is rapidly being trained to fight alongside the existing 40,000-man army and police.

So far, there is no clear evidence of U.S. support for the Nicaraguan exiles, although a few dozen have been receiving military training in camps run by Cuban exiles outside Miami. Some State Department officials are also known to favor a policy of first "strangling" the Sandinista government economically and then, in the words of one U.S. diplomat, "financing dissent groups."

Asked about Pentagon or CIA involvement with the exiles, Mr. Cardenal replied, "No comment."

The Nicaraguan Democratic Union, however, said it had not had a reply to a letter sent in December to Ronald Reagan when he was president-elect. In it, the group appealed for U.S. support for an invasion of Nicaragua.

"The armed segment of the democratic forces of Nicaragua would need from 30 to 45 days of basic training in a neighboring country, Honduras or Costa Rica, before starting its military operations there," the letter said. "It is logical to suppose that the armed forces of the Central American countries would have a favorable attitude toward the liberation movement of Nicaragua and would give it their utmost support."

Protecting Incursions

Both Guatemala and El Salvador have charged Nicaragua with supporting leftist guerrillas operating inside their territory. So far, however, only some sectors of the Honduran Army are believed helping the Nicaraguan exiles, in some cases training and supplying them with weapons, in other cases protecting them as they return from incursions into Nicaragua.

In recent weeks, though, the Honduran high command has reportedly been discussing the likelihood of direct clashes with Nicaragua. "Suddenly, we're hearing senior officers say that war will

be declared," said Mr. Cardenal.

The governments of El Salvador, Honduras and Guatemala either decide to collaborate with us,"

Mr. Cardenal said, "or they must face the same Communist cancer as Nicaragua."

LE GRAND CHINOIS
5, Avenue New York 15^e
723.98.21. Ferme (und)
THE BEST CHINESE
RESTAURANT
IN PARIS
A. FRANC / J. LALAS
PRIX CRUSTACE DE VERMEIL

**IS ALCOHOL
A PROBLEM FOR YOU?**

It is no longer one for us.
Cure by group psychotherapy
near Grasse on the French Riviera.
28 days. \$2200.
Reception Nice Airport.

C. ALME,
Route de Speradez,
06530 Cabris, France.
Tel.: (93) 60 51 62
or 66 23 30 or 66 13 43.

**CARAVEL
HOTEL ATHENS**
Next to Athens Hilton Hotel the
100% Fireproof new Hotel with
418 rooms and 55 Luxury Suites.
The only hotel in Greece with
Full Fireproof System, Aluminum
Doors to all Bedrooms and Halls,
Alsa Mini Bar to every room.
Ideal for conference, meetings
facilities, Banquet functions etc.
11 Rooms for 1000, 500, 250, 100 and 50 persons all with Heating
and Air Conditioning. Indoor and Outdoor Swimming Pool with
Shack Bar with excellent view of Athens and Acropolis.
Full equipped Health Studio, Sauna, Discoteque. Round the
clock Room Service. 3 Restaurants and 5 Bars.
Special discount for Groups, Incentives, Conventions and Spec-
cial packages. 100% earthquake proof.

INSTANT RESERVATION CONFIRMATION
Through Swissair, Horis Interconnection System,
Austrian Airlines, Iberia, Pan America, KLM.
Toll Free: American International Hotel Repr.
(800) 223-5695 New York
O R
Selective Hotel Reservations, Inc. (800) 223-6764 New York

CARAVEL HOTEL
2, Vassilios Alexandrou Ave-Athens 508, Greece
Phones: 790.721.9790.731.9 Telex: 214401 CHGR



Spanish Civil Guards patrol near the French border to prevent infiltration by Basque guerrillas.

Basque Bishops Denounce Military, ETA

From Agency Dispatches

MADRID — An outspoken statement by Basque bishops that denounced military influence in Spain's public life began a political row Thursday and set off a flurry of government activity.

The Defense Ministry said it was "deeply worried and uneasy" over the Roman Catholic bishops' unprecedented pastoral letter. The letter came as anti-terrorist units holding separating Basque region.

Government sources said the troops would remain in the region for a maximum of 10 months, with support from navy and air force units.

On the French side of the border, security forces are continuing to patrol the Basque area that borders Spain.

The new law passed by the parliament modified the penal code to crack down harder on military rebellion and the separatist terrorism.

It created a new category of

dercut individual freedoms and a free press, the law passed by a 301-3 vote, with 46 members of the parliament absent.

Meantime, the government confirmed that the army was scheduled to move 2,000 infantrymen along the Spanish-French frontier to join navy and air force units hunting separating guerrillas.

Government sources said the troops would remain in the region for a maximum of 10 months, with support from navy and air force units.

On the French side of the border, security forces are continuing to patrol the Basque area that borders Spain.

The new law passed by the parliament modified the penal code to crack down harder on military rebellion and the separatist terrorism.

It created a new category of

New U.K. Social Democratic Party
Leads Others in Survey of Voters

Associated Press

LONDON — In a Gallup Poll published on Thursday in the London Daily Telegraph, Britain's new Social Democratic Party pulled clearly ahead of the ruling Conservatives and opposition Labor Party in popularity.

Voters were asked which party they would favor if a general election were held now: 36 percent said Social Democrat, 25 percent Conservative, 24.5 percent Labor, 12 percent Liberal and 2 percent other.

In mid-March, before the centrist Social Democrats formally launched their new party on March 26, voters also put the party in the lead by a narrow margin.

The latest poll shows that if the Social Democrats can arrange an alliance with the small Liberal Party — as both parties plan — then together they would have a commanding 48-percent allegiance from the electorate.

The armed segment of the democratic forces of Nicaragua would need from 30 to 45 days of basic training in a neighboring country, Honduras or Costa Rica, before starting its military operations there," the letter said. "It is logical to suppose that the armed forces of the Central American countries would have a favorable attitude toward the liberation movement of Nicaragua and would give it their utmost support."

In the second day of hearings Wednesday on the proposed repeal of the Clark Amendment, Rep. Howard E. Wolpe, a Democrat from Massachusetts who is chairman of a House subcommittee on Africa, said that such a repeal would seriously damage U.S. interests throughout black Africa and "play directly into the hands" of the Soviet Union and Cuba, supporters of the Marxist government of Angola.

"They are ready to go to the front and fight against the racist South African troops and their puppets to ensure the final victory."

The visitors are shown classrooms of corrugated iron, far sur-

passing the thin tents used for sleeping. The teaching of mathematics and English is demonstrated. "Social studies" is also on the curriculum but, according to Mr. Mbumba, this is where "political education" begins, and the reporters are not invited.

The testimony indicated that the administration may have serious trouble achieving one of its first objectives on Africa policy.

In recent weeks, though, the Honduran high command has reportedly been discussing the likelihood of direct clashes with Nicaragua. "Suddenly, we're hearing senior officers say that war will

be declared," said Mr. Cardenal.

The governments of El Salvador, Honduras and Guatemala either decide to collaborate with us,"

Mr. Cardenal said, "or they must face the same Communist cancer as Nicaragua."

In the second day of hearings

Wednesday on the proposed repeal of the Clark Amendment, Rep. Howard E. Wolpe, a Democrat from Massachusetts who is chairman of a House subcommittee on Africa, said that such a repeal would seriously damage U.S. interests throughout black Africa and "play directly into the hands" of the Soviet Union and Cuba, supporters of the Marxist government of Angola.

"They are ready to go to the front and fight against the racist South African troops and their puppets to ensure the final victory."

The visitors are shown classrooms of corrugated iron, far sur-

passing the thin tents used for sleeping. The teaching of mathematics and English is demonstrated. "Social studies" is also on the curriculum but, according to Mr. Mbumba, this is where "political education" begins, and the reporters are not invited.

The testimony indicated that the administration may have serious trouble achieving one of its first objectives on Africa policy.

In recent weeks, though, the Honduran high command has reportedly been discussing the likelihood of direct clashes with Nicaragua. "Suddenly, we're hearing senior officers say that war will

be declared," said Mr. Cardenal.

The governments of El Salvador, Honduras and Guatemala either decide to collaborate with us,"

Reviving Paranoid Fears

During his campaign for the presidency Ronald Reagan stirred up a fuss at one point by suggesting that if the Soviet Union intervened militarily in one part of the world, the United States could respond in another. The idea — which is not entirely crazy, especially at a time when the Soviet Union has an important geographical advantage in critical areas like the Gulf, as well as substantial superiority in conventional forces — was greeted with snickers. But now, in a logically parallel nonmilitary situation, the Reagan administration has blown an opportunity to demonstrate that such a policy makes sense.

Georgi Arbatov, head of the Soviet Institute of United States and Canadian Studies and a member of the Central Committee of the Communist Party, was invited by Bill Moyers to participate in a televised debate on the arms race. Mr. Arbatov, who has been meeting people and speaking in the United States since March 25, was to appear with two other Soviet officials. They were to debate three prominent American specialists.

But Mr. Arbatov's visa expires April 5 and the debate is not scheduled until April 10. No problem, just get a visa extension right? Wrong! The administration decided that too many Russians, including Mr. Arbatov, have been getting too much attention and finding it too easy to propagate their views through

the U.S. media, including television. What's the U.S. charge d'affaires in Moscow, Jack Matlock, has been denied access to Soviet television.

So, Mr. Arbatov will be sent packing on Sunday and Mr. Moyers, not to mention the viewers of his consistently interesting and provocative program, will be left in the lurch.

The State Department probably refused to extend Mr. Arbatov's visa partly in pique and partly for the nuisance value. But there will be those, at home and abroad, who will view the action otherwise. It will be seen by some as a return to the paranoid insularity of the McCarthy era. The United States will be accused of muzzling the Russians out of fear that its own society has become too fragile to withstand a bit of Soviet propaganda. The decision should be reversed.

If the United States wants to pressure the Soviet Union into letting Mr. Matlock appear on television, or punish Moscow for keeping him off, it should put Deaver boots on illegally parked Soviet embassy cars. That would hit the Soviet bureaucrats where it hurts, just like kicking away Ambassador Dobrynin's State Department parking privileges, and it would not revive paranoid fears of times best not relived.

INTERNATIONAL HERALD TRIBUNE

Crisis and Reassurance

America has become a nation of crisis aficionados, accepting crisis — especially a crisis involving the president — as the medium by which character and status are most surely revealed. This builds a certain taint into the nation's political life, since the traits and rankings that emerge at a time of crisis do not necessarily have much to do with good governance, which is unavoidably heavy on organization, expertise and routine. The sequence that began when President Reagan was shot did, nonetheless, fling open a window through which the country will be peering for some time for clues.

We were struck first of all by the courage and agility of the president's guard. Questions must be asked about how the attack came to be made, but even as the bullets were being fired a number of men put their lives on the line.

With concern for the president running high, Dr. Dennis O'Leary then became the nation's chief handholder. This is not to minimize his role in putting into smooth effect his hospital's disaster plan. But his calm, comprehensive and good-natured briefing of the press was just what a doctor would have ordered to deal with the mounting anxieties of Americans and others.

The main ring, to be sure, was occupied, and held, by President Reagan's White House and Cabinet aides. The important thing is that from the standpoint of the national interest, apparently everything went well. The country was covered against panics and emergencies during the mercifully few hours of early uncertainty. Thanks in good measure to Mr. Reagan's remarkable recu-

peration powers — not to speak of his quips — his government shifted promptly into a mode of operation for which "business as usual," the White House term, is an exaggerated but acceptable designation.

That said, it must be asked whether Secretary of State Haig committed a breach of taste or protocol Monday afternoon in the course, or in the name, of steadying the ship of state. Presumably, he meant to be plugging the hole left by the hospitalization of the president and by the temporary absence from Washington, and the White House Situation Room, of Vice President Bush.

Perhaps his performance would have passed with little notice if he had not been at the center of the previous week's flap over White House "crisis management." In any event, his agitated television manner and some of his words, including his claim to be "constitutionally" third in line for "the helm" and his assertion that "I am in control," did sharpen the very questions of personal style that had arisen the previous week.

Mr. Bush, meanwhile, was winning appreciative nods for acting in the modest and dutiful spirit that has come to be expected of vice presidents at moments of presidential accident or illness.

In sum, crisis may be a flawed medium for exploring either government or society. But this one provided Americans with a degree of reassurance to offset the shock and the injury caused by the gunman. The reassurance lies in the sense of sharing not only vulnerability but also the capacity, personal and institutional, to deal with a terrible event.

THE WASHINGTON POST

Swords, Sausage and Freedom

That was no mere strike for wages and benefits that Poland's labor movement canceled this week. It shied from civil war, a conflict bound to become a Polish-Soviet war, with grave consequences for the economies and diplomatics of East and West. No sane person could have wished for anything but retreat.

But the workers' compromise with Poland's Communist Party brings only a ceasefire along the world's most volatile frontiers — running smack through the middle of Poland's institutions. Now it is the West's turn to see whether truce and evolution can be bought.

Poland's Communist Party, already a wounded authority, is challenged from within as well as without to "renew" itself with secret contested elections this year. Its leaders are not only divided among themselves but also alienated from local party organizations. And Solidarity, the remarkable workers' union formed last August to make the Polish party and government more accountable, is plainly restive about the pace of reform. Lech Walesa's gradualism is heatedly challenged in his ranks.

"We can compromise on the supply of onions, but not when blood has been spilled," wrote two of the injured victims of the police brutality against which the union had called its first general strike. Of 35 union leaders, four voted against Mr. Walesa's retreat from the brink and six abstained. And his challengers readily concede the Soviet charge that they harbor far-reaching political ambitions.

"It was our only chance so far to achieve almost everything — farm union, a lessening

of censorship, access to the mass media" — said a disgruntled union leader. "But now it's gone. The balloon of tension has deflated and it can't be blown up again."

But it will blow up, again and again. The head-smashing in Bydgoszcz that provoked this crisis obviously had the consent of some national officials. They survive to provoke another day. And Mr. Walesa cannot contain his fiery colleagues if the party reengages on this week's compromise. The Poles walk a perilous line.

And they are dangerously low on food. Pleading in the Common Market for emergency shipments of meat, butter, milk and grain, the West Germans now warn that Poland may explode not over conflict between Solidarity and party but along the discontested queues for meager rations.

Thus the land that has been repeatedly carved up by German and Russian power becomes an extraordinary laboratory for a new experiment in East-West balance. The West Germans propose to feed Poland — and thus to protect the West's \$27 billion in long-term loans to Warsaw — if the Soviet Union will appease the Polish hunger for a new political order.

The test, baldly put, is whether the economic power of the democratic nations can deter Soviet military might in Eastern Europe as it once did so famously in the West. There's no telling how long the sorer Poles can keep their balance and uphold this evolution. As long as they can, the question for Americans will be how many swords and battleaxes ought now to be ground into sausage and traded for more freedom in Warsaw.

THE NEW YORK TIMES

In the International Edition

Seventy-Five Years Ago

April 3, 1906

PARIS — Today's editorial in the Herald says: "Rich Americans — and those who come to Paris to buy automobiles presumably are — invariably satisfy their ultimate desires in the auto line by buying big and fast machines. The American auto infant has been nourished with the little runabout, but soon craves something more substantial. The wonder is that Americans, born in an atmosphere surcharged with the odors of all things big, should have ever begun their auto experiences with runabouts. The trend in the direction of big automobiles harmonizes with the American mania for big buildings, big trusts, big banks, big failures — everything big."

Fifty Years Ago

April 3, 1931

BERLIN — The mutiny of the Nazi troops in Berlin and in the eastern section of Germany against Hitler, according to the opinion of responsible government officials, signifies the end of violent Fascism in the country and the transformation of Hitler's movement into a legal Nationalist party. It appears certain that Hitler will retain his leadership, but probably at the cost of the disbanding of the bulk of his militant troops, many of whom are likely to join the Communists. It is estimated that 8,000 out of 60,000 storm troops are backing Stennes against Hitler. The Nazi storm troops are organized bodies of men resembling Fascist militia.



'Maybe They'll Start Calling This Our El Salvador.'

Angola, Namibia, and the U.S.

By Jonathan Power

LONDON — Has the Reagan administration forgotten what happened in Angola in 1975? Has it not read the fine print of the history of the negotiations agreed by all the parties, including five Western nations, to the Namibia dispute?

Those questions have to be asked because it is difficult to believe that the new administration, given African political developments over the last six years, could with their eyes open ask Congress to reverse the Clark Amendment limiting covert aid to Angola and fail to push the South Africans more strongly to begin the implementation of the carefully balanced Namibia settlement plan.

The Reagan administration claims to seek the reversal of the Clark Amendment as a matter of "principle" — not "policy." Yet it would be naive to assume that once the change in principle is made, policies won't follow.

The Reagan administration should recall the reason for the 1975 resignation of the assistant secretary of state for African Affairs, Nathaniel Davis. In a memo written to Henry A. Kissinger, he wrote, "If we launch a program of covert support for Jonas Savimbi [leader then as of the opposition guerrilla group, UNITA] we might find ourselves drawn in deeper very fast, as the fighting produces more intense pressures for arms and ammunition as well as money. The political price we might pay — as reports of bloodshed and alleged atrocities multiply — would, I believe, exceed the possibility of accomplishment."

Mr. Davis did not persuade Mr. Kissinger nor former President Gerald R. Ford. He resigned and a messy halfway kind of covert military support went ahead, working by means of a wink and a nod, in collusion with the South African Army, which penetrated deep into Angola.

It is a murky period of history with both sides working on worst-case scenarios of each other's plans and motives. What is clear is that Mr. Davis' advice to Mr. Kissinger to try and solve the Angolan civil war by diplomatic means — building up Portugal's leverage and involving other African nations — would have been the sensible course to follow.

Indeed, following the Clark

Amendment, which cut off U.S. covert support, this was the course the United States and most of the Western nations were forced into, although the French, Saudi Arabians and South Africans have continued their support of Mr. Savimbi over the years.

The diplomatic approach has produced dividends. Angola's foreign policy has been accommodating to Western economic and political interests.

Clutching at Straws

During the Namibian peace negotiations organized by the United States, Britain, France, West Germany and Canada, Angola has continuously pressured the South-West Africa People's Organization, the guerrilla group which has bases inside Angola, to make some accommodation on South African demands. After more than three years of negotiation, the South Africans and SWAPO agreed in late 1980 to a common plan for free elections and military disengagement.

What's more, the Angolans made it plain that once the Namibia agreement goes into effect and elections are held, the Cubans who remain in Angola will be asked to go.

All that remained when President Reagan took office was for the South Africans to agree to a date to put the plan into motion. The South Africans, clutching at a straw at the UN conference in January, raised the issue of the impartiality of the United Nations as implementing body. It seemed to make nonsense of all they had negotiated before.

In three years they had never seriously raised this issue. From the beginning, the negotiations were openly predicated on the fact that if agreement were reached, the Security Council would be responsible for implementing it.

Nevertheless, it looks as if the South Africans have the ear and sympathy of the new U.S. administration. The United States, although prepared to re-enter the international talks on Namibia, seems to want to turn the last three years on its head by pushing for the Cubans to go first, with consideration of a final agreement on Namibia to come later.

The new U.S. position that a Namibian settlement is more likely if there is a written constitution is transparently another delaying mechanism. The South Africans, who could have made it a demand

to the press corps and the hospital, after a delay, put forward a remarkably apt spokesman. The Se-

Letters

European 'Powers'

"Powers of the Past" would have been a more appropriate title for Wayland Young's "Europe's Bid on Mideast" (IHT, March 6).

Europe has practiced for more than a millennium the cynical art of "divide and conquer" as well as backing the strong at the expense of the weak. The minorities in the Mideast have become to these European governments expendable pawns to serve their economic and political interests.

The Kurds are one of the recent examples — but the Jews had been gobbled up by Europe's wolves for many years and their bloodstained fangs have not dried yet since World War II.

These same Europeans who refused to open their doors to Jews fleeing the maniacal chase by the Nazis are not satisfied. They want to assume themselves that the PLO will destroy the remnants. It is the PLO which declared that its aim is to destroy the Israeli Jews. This PLO is now courted by these same "powers" whose hands are still bloodstained. I hope that Mr.

reach the presidency. My friend associates shall not bear the fruits of evil for which they have been hankering.

ALEXANDER GAAT, Tel Aviv.

Stepping-Stone

Truly a fine display of "fictional facts" leading the reader on a wild-goose chase in Anthony Lewis' article, "Doubts on Haig Caper" (IHT, March 9).

Congratulations, Mr. Lewis, you had me fooled up until the last paragraph, where it seemed you found enough courage to stop beating around the bush, and finally set the real tone of the article — Haig vs. Kissinger.

As far as Mr. Haig "aching for the presidency," I don't think he does as much as Mr. Kissinger did.

Not long ago, a friend of mine in the Justice Department showed me Kissinger's certificate of naturalization. I asked him if it was legally possible, under the Constitution, for Mr. Kissinger to

The Lonely Crowd And the President

By Anthony Lewis

BOSTON — When Robert F. Kennedy was assassinated in June, 1968, President Lyndon B. Johnson appointed a commission on violence in America. Its report pointed to a distinctive characteristic of assassinations in the United States.

In Europe and elsewhere, the commission noted, assassinations over the centuries have almost always been carried out for political reasons by conspiratorial groups or individuals seeking power. In the United States, they have tended to be the work of "lonely, demented men."

When the commission reported, nine U.S. presidents or presidential candidates had been the targets of assassins; five — Lincoln, Garfield, McKinley and the two Kennedys — were killed. Of all the attacks, only that on President Harry S. Truman by Puerto Rican nationalists had an identifiable political purpose.

The attempt on President Reagan was in the historic mold of derangement. The young man charged with the crime, John W. Hinckley Jr., was indeed a spook match for a profile drawn in 1969 by the violence commission of likely presidential assassins: "White, male, withdrawn, a loner, no friends, either unmarried or a failure at marriage, unable to work steadily ..."

What is there about America that produces such a pattern? Why are assassination attempts so frequent — and becoming more so?

Resident Institutions

The curious thing is that politically, the United States is an extremely stable country, the longest-lasting republic on earth, with a written Constitution nearly 200 years old. Its institutions are resilient; they proved capable in recent years of handling the traumas of presidential death and resignation.

It is also a violent country, and after every one of these terrible events that fact has been adduced as an explanation. The availability of guns and the level of violent crime in U.S. society are no doubt factors. But they do not answer the particular question: Why do frightened individuals, driven by some lunatic vision, decide to take out their misery on the president of the United States?

The unique role of the president may be a partial answer. In many other countries the symbolism of the state is borne by someone beyond politics: in Britain, the Queen. One need not be a monarch to have such symbolic significance and so much power as does the U.S. president.

To strike at such a figure may be the ultimate fulfillment for someone following a fantasy of personal revenge and fame for himself. John Hinckley, the man who shot the president, was driven by a desire to be a "chief point" in the Situation Room.

And there is no use pretending that makes no difference. The options are, yes, but Washington is not the city of open government buildings that was 20 years ago. And this is not the country that might have been if the assassins of the last twenty years had not done their work.

© 1981, The New York Times

Appraising the Team Effort

By William Safire

WASHINGTON — In this week's test of the ability of the executive branch to respond to an emergency, how did the top officials of the Reagan administration perform?

President Reagan came through like John Wayne. In refusing to let a single bullet stop him, and in entering the hospital under his own steam before collapsing, he seemed to embody all the true grit of a Western hero. Afterward, the quip to a pretty nurse — "Does Nancy know about us?" — assured the nation that he had his sense of humor and all the other senses that go with it.

The vice president comported himself with dignity and propriety. By coincidence, a former Nixon aide, Herbert Klein, was in James S. Brady's office on the afternoon of the shooting, and pointed out to Reagan staffers the precedents during former President Dwight D. Eisenhower's heart attack. An analysis of that section of Richard Nixon's "Six Crises" was promptly prepared by speechwriter Anthony Dolan, cautioning the vice president "to appear neither brash nor timid." George Bush struck just the right note.

The White House staff triumvirate — Edwin Meese 3d, James A. Baker 3d, Michael Weaver — reacted quickly and calmly. Lyn Nofziger instinctively stepped into the press corps and the hospital, after a delay, put forward a remarkably apt spokesman. The Se-

cret Service reacted as swiftly as humanly possible; it might be fine to avoid those peripheral appearances outside planned events that have enabled would-be assassins to attack former President Gerald R. Ford and Mr. Reagan.

The only top official to choke up was the secretary of state, in the Situation Room, by insisting on solving a problem that was not acute — to "end the confusion" by asserting he was in charge until the vice president arrived.

Rug Found to Lower Heart-Attack Risk

Death Rate Cut Almost in Half for Patients in Norway Study

Arnold M. Schnecko Jr.,
New York Times Service
NEW YORK — An extensive study has found that heart-attack patients who are given a drug, molotol, have a much lower risk from the attack.

The drug reduced the overall risk of dying by almost 10 percent and cut almost in death rate of those who qualified as high-risk patients, according to a report published Wednesday.

There were also significantly fewer heart attacks among treated group than among untreated patients who did not take the drug, according to the *New England Journal of Medicine*.

What was done in Norway is a search team that pooled results from 20 hospitals serving a third of the population nation. The study involved patients and was conducted for a period of 33 months. The agency that this drug holds promise for the prevention of first and second heart attacks by other drug extensively.

Fewer Deaths

It is comparable to those in the United States, it could be applied to the nation of the United States, it is saving a saving of 12,000 to lives a year, Dr. Terje Teigen, the project coordinator, said on Wednesday in London. He is a research fellow at the University of Bergen and a staff member at Sarpsborg in Sarpsborg, Norway.

Also, a drug developed by Sharp & Dohme Research Laboratories, is being evaluated by the Food and Drug Administra-

tion for use by patients recovering from heart attacks. It may be used only in an investigational basis in the United States but has been approved in several European countries, a spokesman for the drug manufacturer said.

Patients Rejected

In the United States, about 400,000 patients a year survive heart attacks and are able to leave the hospital afterward. There is a substantial toll of subsequent heart attacks resulting in death. It was among the subsequent patients that the study in Norway demonstrated a strong reduction in mortality.

Thatcher Directs 21-Hour Effort That Defeats Wiretapping Rules

The Associated Press

LONDON — Prime Minister Margaret Thatcher worked with her ruling Conservative Party in the House of Commons for 21 hours to defeat proposals for a general wiretapping code.

Shortly after noon Thursday, her government defeated a proposed wiretapping amendment to the British Telecommunications Bill by 262-175.

Discussion of the measure itself ended about four hours later when the act was approved by a vote of 257-156. It was a record for a Commons session of 25 hours. The previous record set in July, 1977, was 24 hours, 49 minutes.

The law, due to take effect this fall, splits up the state-owned Post Office into the British Telecommunications Corp. and a mail-only Post Office. It also allows private enterprises to break the state's postal and telecommunications monopolies for the first time.

Many lawmakers contended that the lack of a statute covering wiretaps made the practice open to abuse by police and security authorities. Opposition Laborites, with the support of some Conservatives, proposed a code banning all wiretapping unless under warrant from the Home Secretary and aimed at detecting serious crime.

But Home Secretary William Whitelaw, the Cabinet minister responsible for law and order, warned that the lives of police and security informants would be endangered if there were legal controls on wiretapping.

Japanese Develop Compound for Long Solar Energy Storage

Reuters

OSAKA — A Japanese professor said on Thursday that his team had developed a new chemical compound able to store solar energy for a long time and release it on demand.

Professor Zenichi Yoshida of Kyoto University told a meeting of the Japan Chemistry Association that the substance, as yet unnamed, was a crystalline solid partly composed of a carbon compound called norbornene.

He said this was obtained in a reaction between acetylene and a fuel of petrochemistry, cyclopentadiene, adding that the high mass production of the new substance would not be too difficult.

Japan oil industry experts commented, however, that cyclopentadiene was an expensive petrochemical. They said that other organic chemical substances for storing energy had been developed in laboratories but the problem had so far been the high cost

of the amount of energy stored.

They said that a mass-produced cheap storage medium would be a major step forward in exploiting solar energy, although a major breakthrough would be to find a cheap way of mass-producing photovoltaic cells, which turn solar radiation into electricity.

U.S. Cancer Unit Accused on Drug Risk

By Philip J. Hilts
Washington Post Service

WASHINGTON — The National Cancer Institute failed for almost a year to tell doctors, patients or the Food and Drug Administration that an anti-cancer drug they are testing on thousands of cancer patients can cause kidney failure, FDA officials have charged.

Investigators have found numerous cases of severe kidney damage in patients, including children, who have taken the drug, which is known as Methyl CCNU.

That and other alleged violations of FDA regulations for testing new drugs by the NCI were made public Wednesday by Stuart Nightingale and Alan Lisook of the FDA before the Subcommittee on Investigations and Oversight of the House Committee on Science and Technology.

The subcommittee was holding

its second day of hearings on scientific fraud and misbehavior, during which the repeated allegation was made that science has little or no apparatus to handle faked data, plagiarism and other scientific crimes.

Series of Documents

If the charges against the NCI are confirmed, the FDA has the power to halt all further trials of the cancer drug.

The FDA testimony was based on a series of documents that the FDA found in the files of the institute. They include a letter dated Nov. 13, 1978, four months before the NCI notified anyone of the danger, in which Dr. Harvey Cohen of the Children's Hospital of Boston described at least 14 cases of kidney damage that occurred in cases where the drug had been used.

Mr. Lisook said that the FDA received an angry letter in September 1978, from a parent whose child's brain tumor was treated with the drug. The mother told the FDA that she had been informed of other possible side effects of the drug, but not of the possibility that her child might have kidney failure.

An NCI spokesman acknowledged that the institute learned of that case and two others in June, 1978, and immediately started an investigation, which took six months. After it confirmed the connection between the drug and kidney failure, the NCI notified the FDA, the spokesman said.

FDA regulations require that cases of serious side effects be reported within hours or days of the time they are discovered. In this instance it was at least 10 months.

Massacre and Anti-Moslem Retaliation Make It Harder to Heal Philippine Split

By Abby Tan
Washington Post Service

ZAMBOANGA CITY, Philippines — Efforts to settle the growing Moslem rebellion against the Christian government have received a sharp setback because of the massacre of 122 army soldiers on nearby Pata Island and the military retaliation against the Moslems that followed.

That episode in February in the violent conflict has blocked the efforts of President Ferdinand E. Marcos' government to end the Libyan-backed secession movement. Mr. Marcos says that the conflict has claimed more than 60,000 lives since it broke out in 1972 and that it has tied down a third of the army.

Moslem leaders declare that the latest violence will only intensify their agitation for self-rule. Moslems make up 6 percent of the 48 million Filipinos, who are predominantly Christian. They are the country's largest minority and they charge that the Christian majority has long discriminated against them. Their areas, in the southern part of the country, are economically depressed and have the lowest literacy rate in the country.

Headings Recalled

President Marcos' attempt to bring in the Islamic Conference as mediator ended when Libya's pan-Islamic leader, Col. Moamer Qadhafi, and Mr. Marcos concluded the 1976 Tripoli agreement, which was to provide limited autonomy for the 13 Moslem provinces on Mindanao Island. But the Middle East-based pan-National Liberation Front, which is spearheading the rebellion with an estimated 22,000 guerrillas, rejected the two regional autonomous governments that Mr. Marcos set up in 1979, and a cease-fire collapsed.

Moslems and the military are blaming each other for events that led to the Feb. 4 massacre. According to the Defense Ministry, a lieutenant colonel who was lured into a trap and held at gunpoint by the rebels ordered his men to unload their guns. The soldiers were then mowed down, and some were beheaded or mutilated before their corpses were burned.

In the army's retaliation, rebels have so far lost 49 men, including their leader, Maas Unad, according to the official count. Ground forces began large-scale search missions and the air force bombed Pata, the small coral island southwest of Mindanao where the massacre took place, in the Sulu Archipelago 95 miles southwest of Zamboanga City.

Nearly 7,000 civilians, half of Pata's population, have been removed to centers on the island. The death toll from air bombing and strafing has not been determined, but the southern command

chief, Brig. Gen. Delfin Castro, has been quoted as saying that many civilians inevitably get killed in an operation on Pata's scale.

A ranking leader of the Tausugs, the warlike Moslem tribe of the Sulu group, said: "The indiscriminate shooting has made it difficult for us to persuade the people to vote 'yes' in the April 1 plebiscite." He referred to a referendum in which Mr. Marcos seeks to amend the constitution so that he can run for president again next June.

Another Moslem leader, Sharif Zain Jali, a teacher of Islamic law, said: "We are no longer safe. I told everybody in the mosque to be prepared to defend themselves. I told them not to surrender their arms."

Part of the issue now is a feeling

U.K. Legislators Urge End To Tax Status of 'Moonies'

The Associated Press

ROME — About 100 members of Parliament called Thursday for an immediate end to the Unification Church's tax-free status after a court ruled against the sect in a \$1.6-million libel action.

Conservative Party legislator David Mellor introduced in the 635-member House of Commons. He deplored the "activities of the Moonies" as alleged by the Daily Mail and found proved by a High Court jury.

He said that about 100 legislators had signed the motion so far and that it was still being circulated to attract more support.

The court ruled on Tuesday against the British Unification Church in its 6-month-old libel suit against the Daily Mail newspaper. The case centered on a May, 1978, article charging that the sect, known as the Moonies, brainwashed young people and broke up families.

The movement, headed by the Rev. Sun Myung Moon of South Korea, began in the United States in the 1950s.

100th Day

In its verdict, on the 100th day of the case, the jury said that it found no evidence of libel in the article. It ordered Dennis Orme, the director of the sect in Britain, to pay the estimated \$1.6 million costs of the case, the longest and most expensive of its kind in English court history. A total of 117 witnesses testified.

The court also urged a government investigation of the sect's tax-free charitable status. Justice James Comyn said that there were 500 members working full-time for the Unification Church in Britain. The verdict received prominent play in rival British newspapers and on radio and television.



He said that new members were required to amass "staggering amounts of money" for the church.

The Daily Mail carried the report on its front page Wednesday under the banner headline: "The Damning Verdict on the Moonies."

The verdict received prominent play in rival British newspapers and on radio and television.

Mr. Orme, 42, sued the Daily Mail over an article about two sisters, Judy and Jane Salter of Coulson, 10 miles south of London, who joined the Unification Church in San Francisco. He called the article inaccurate, distorted and defamatory.

The sisters testified for the Moonies, but their father testified for the Daily Mail. The judge said that one of the saddest aspects of the case was the way in which the Salter family had been split up.

Save up to 50% Subscribe before May 1*

* That's the date the rates go up. But you can benefit from the rates below if you subscribe no later than April 30th. We'll make sure you get the International Herald Tribune in your office or your home every day. Saving money (up to 50% off newsstand prices). Making valuable time. World news, world business, world culture and entertainment, shaped

to fit the successful person's work-style. It's compact and complete. Comprehensive global coverage in a global context. The decision-maker's necessary world's eye-view.

Printed simultaneously in Paris, London, Zurich and now Hong Kong, it's the only truly international daily.

Decide on it today. Subscribe right away.



INTERNATIONAL
Herald Tribune

Published with The New York Times and The Washington Post

THESE ARE THE SPECIAL RATES AFTER REDUCTION OF THE INTRODUCTORY DISCOUNT

	12 months	6 months	3 months		12 months	6 months	3 months
Aden (air).....\$ 255.00 127.50 78.00				Liberia (air).....\$ 195.00 97.50 54.00			
Afghanistan (air).....\$ 255.00 127.50 78.00				Libya (air).....\$ 195.00 97.50 54.00			
Africa, ex-econom. (air).....\$ 172.00 86.00 43.00				Luxembourg.....L.F. 4,640.00 2,320.00 1,280.00			
Africa, others (air).....\$ 255.00 127.50 78.00				Malta (air).....\$ 172.00 86.00 43.00			
Algeria (air).....\$ 172.00 86.00 43.00				Macao (air).....\$ 255.00 127.50 78.00			
Austria.....Sch. 2,300.00 1,150.00 630.00				Morocco (air).....\$ 172.00 86.00 43.00			
Belgium.....B.P. 4,440.00 2,220.00 1,280.00				Netherlands.....Fl. 344.00 172.00 94.00			
Bulgaria (air).....\$ 172.00 86.00 43.00				Norway (air).....N.Kr. 672.00 336.00 166.00			
Canada (air).....\$ 255.00 127.50 78.00				Pakistan (air).....\$ 255.00 127.50 78.00			
Cyprus (air).....\$ 172.00 86.00 43.00				Poland (air).....\$ 172.00 86.00 43.00			
Czechoslovakia (air).....\$ 172.00 86.00 43.00				Portuguese, French (air).....\$ 225.00 112.50 62.00			
Denmark (air).....D.Kr. 748.00 374.00 200.00				Romania (air).....\$ 1,400.00 700.00 300.00			
Egypt (air).....\$ 195.00 97.50 54.00				Russia (air).....\$ 172.00 86.00 43.00			
Finland (air).....F.M. 612.00 306.00 153.00				Saudi Arabia (air).....\$ 195.00 97.50 54.00			
France.....F.F. 612.00 306.00 153.00				South America (air).....\$ 255.00 127.50 78.00			
Germany.....D.M. 324.00 162.00 91.00				Spain (air).....P. 10,600.00 5,300.00 3,000.00			
Great Britain.....B. 46.00 23.00 12.00				Sweden (air).....S.Kr. 612.00 306.00 178.00			
Greece (air).....Dr. 5,400.00 2,700.00 1,500.00				Tunisia (air).....\$ 300.00 150.00 82.00			
Hungary (air).....\$ 172.00 86.00 43.00				Turkey (air).....\$ 172.00 86.00 43.0			

INTERNATIONAL REAL ESTATE

TRIDEL

America's Newest Landmark in Real Estate Opportunities.



Tridel A household word in Canada is rapidly becoming America's brightest star. Tridel represents 50 years of expertise, experience, stability and leadership in the real estate development field. Projects of every size are popping up in Ontario, Canada and Florida, U.S.A., representing over half a billion dollars in sales in the last 5 years alone. Single-family dwellings, townhomes, apartment buildings, patio homes and commercial properties now populate areas that were once barren land.

Tridel and its associate companies offer a variety of investment programs depending on the project:

- a) Lease-back with an annual 8 1/2% guaranteed income for 5 years, or
- b) Rental, management and maintenance or
- c) Income producing commercial properties

Tridel's unique financing plans have allowed thousands of people an opportunity to participate in Tridel's successful growth record.

For complete information on how you can put Tridel's expertise to work for you, write our Investment Portfolio today. Please include your full name, address and telephone number.

TRIDEL International Sales
4800 Dufferin Street, Downsview, Ontario, Canada M3H 5S9
Telex No. 05-218719 • Telephone: (416) 661-9290

London: Tel: (01) 235-1813 Paris: Tel: (01) 247-1341
Telex: 919703 DISCO G Hong Kong: Tel: (852) 5-246113
Germany: Tel: (49) 211-55539 Telex: 61195 WRHK
Tel: 41-858 4444 These investment opportunities are not available to U.S. residents

SPAIN "VILLAMARINA"



For all information, contact:
PARIS
30 Ave. George-V, 75008 Paris.
Tel.: 723.78.08. Telex: EXENT 613930F.

SWITZERLAND

With permit to sell to foreigners, we offer you at

VILLARS-SUR-OLLON

one of the most renowned winter and summer sports centers in Switzerland, a sumptuous 12-room chalet

with garage, every comfort, a beautiful unobstructed view: Complete silence although near the town center.

SF. 950,000

Write: Agence H. COEYTAUX (State certified),
1807 BLONAY, Switzerland.

SWITZERLAND VALAIS

Montana-Crans / Andermatt
Haute-Nendaz / Thyon
Les Collons / Saint-Luc
Val d'Anniviers
OWNER-BUILDERS. DIRECT SALE — VAL PROMOTION SA
Avenue du Midi 10 — CH 1950 SION — 027 / 23 34 95
MANAGEMENT - RENTING - DOMICILIATION - INSURANCE

WINZEN - CANADA



WE OFFER

• APARTMENTS, minimum investment Can.\$15,000 - Prices from Can.\$45,000. This is a special opportunity to start your investment in Canada.

OTHER INVESTMENTS

• APARTMENT BUILDING - 170 Apartments. Price Can.\$2,833,000 - Cash Can.\$695,000. Balance one mortgage with a fixed interest rate of 10% until fully paid.

• LAND FOR DEVELOPMENT - 950 condominiums or rental apartments. Price Can.\$2,750,000. Opportunity to start your own construction.

• WE ALSO OFFER - Office buildings, commercial and industrial properties and farms.

Write for complete information. Please be specific and state your choice and include your full address with your phone number.

WINZEN

Winzen Real Estate Limited, Suite 1116,
85 Richmond St. W., Toronto, Ontario,
Canada M5H 2C9.
Phone: (416) 663-0071 - Telex: 065-24301.

IN THE MARBELLA SUN

- A limited number of very high-class villas and apartment.
- Conceived to meet the most demanding of tastes.
- Architecturally integrated with the landscape.
- Fine sand beach
- Surrounded by lush greenery
- Each villa with a garden and private double swimming pool.
- Caretaker and maintenance services assured all year round.

SPAIN
Calle Riviera N. 39, Caso G,
Puerto-Banús, Marbella, Spain. Tel.: 81.42.49.

FOR RENT NEAR THE LAKE OF GENEVA

(Surroundings of Vevey)

DUPLEX FLAT IN A CASTLE

In the middle of a wonderful park, 7 rooms (2 spacious reception rooms), 3 bathrooms, garage.

DE RHAM & CIE,
Non-Repos 14,
CH-1005 Lausanne
(Switzerland)

Tel: 21/201561, Int. 32.

THE IDEAL LONDON BASE FOR INTERNATIONAL BUSINESSMEN

A selection of 1, 2 & 3 bedroom apartments from £53,000-£169,000

Probably the City of London's most prestigious fully-serviced apartment block. Unique tranquil location adjacent to the Law Courts, Fleet Street and close to the Stock Exchange and West End.

All amenities including 100 year leases, 24 hour portage, Telex/Copying services, High speed lifts, New kitchens and bathrooms.

Show flats open 7 days a week 12 (noon)-5 p.m.
Cliffords Inn, Fetter Lane, EC4

Full colour brochure available on request from Sale Selling Agents.

CHARLES
PRICE & CO
Your Agent, Surveyor, Project Manager &
Development Consultant

No. 1 Berkeley Square, London W1X 5HG.
01-327 2222 (24hrs)

01-491 3304
Telex: 247383 CHAPCO G

BENNY CO-NEW YORK, 30 Main, N.Y. City

7.39 Acres / Lake Views

Brand new elegant house offers country living plus the cosmopolitan atmosphere of New York City. This gracious sprawling English Tudor House in Historic Ho-Ho-Kus, New Jersey is meticulously constructed and offers a unique blend of elegance and entertainment. Magnificent "Green Room" with Cathedral ceilings, 3 fireplaces, 3½ baths, 3 bedrooms. Many fine details and unique features for the discriminating buyer. This purchase may be your wheel tax shelter. Offered at \$725,000.

WE INVITE YOUR INQUIRY.

JOAN QUIGG, Realtor
201-327-4343
201-825-7474
422 E. Alexander Rd., Scarsdale River Rd. 07454.

Montana-Crans / Andermatt
Haute-Nendaz / Thyon
Les Collons / Saint-Luc
Val d'Anniviers
OWNER-BUILDERS. DIRECT SALE — VAL PROMOTION SA
Avenue du Midi 10 — CH 1950 SION — 027 / 23 34 95
MANAGEMENT - RENTING - DOMICILIATION - INSURANCE

Montana-Crans / Andermatt
Haute-Nendaz / Thyon
Les Collons / Saint-Luc
Val d'Anniviers
OWNER-BUILDERS. DIRECT SALE — VAL PROMOTION SA
Avenue du Midi 10 — CH 1950 SION — 027 / 23 34 95
MANAGEMENT - RENTING - DOMICILIATION - INSURANCE

Montana-Crans / Andermatt
Haute-Nendaz / Thyon
Les Collons / Saint-Luc
Val d'Anniviers
OWNER-BUILDERS. DIRECT SALE — VAL PROMOTION SA
Avenue du Midi 10 — CH 1950 SION — 027 / 23 34 95
MANAGEMENT - RENTING - DOMICILIATION - INSURANCE

Montana-Crans / Andermatt
Haute-Nendaz / Thyon
Les Collons / Saint-Luc
Val d'Anniviers
OWNER-BUILDERS. DIRECT SALE — VAL PROMOTION SA
Avenue du Midi 10 — CH 1950 SION — 027 / 23 34 95
MANAGEMENT - RENTING - DOMICILIATION - INSURANCE

Montana-Crans / Andermatt
Haute-Nendaz / Thyon
Les Collons / Saint-Luc
Val d'Anniviers
OWNER-BUILDERS. DIRECT SALE — VAL PROMOTION SA
Avenue du Midi 10 — CH 1950 SION — 027 / 23 34 95
MANAGEMENT - RENTING - DOMICILIATION - INSURANCE

Montana-Crans / Andermatt
Haute-Nendaz / Thyon
Les Collons / Saint-Luc
Val d'Anniviers
OWNER-BUILDERS. DIRECT SALE — VAL PROMOTION SA
Avenue du Midi 10 — CH 1950 SION — 027 / 23 34 95
MANAGEMENT - RENTING - DOMICILIATION - INSURANCE

Montana-Crans / Andermatt
Haute-Nendaz / Thyon
Les Collons / Saint-Luc
Val d'Anniviers
OWNER-BUILDERS. DIRECT SALE — VAL PROMOTION SA
Avenue du Midi 10 — CH 1950 SION — 027 / 23 34 95
MANAGEMENT - RENTING - DOMICILIATION - INSURANCE

Montana-Crans / Andermatt
Haute-Nendaz / Thyon
Les Collons / Saint-Luc
Val d'Anniviers
OWNER-BUILDERS. DIRECT SALE — VAL PROMOTION SA
Avenue du Midi 10 — CH 1950 SION — 027 / 23 34 95
MANAGEMENT - RENTING - DOMICILIATION - INSURANCE

Montana-Crans / Andermatt
Haute-Nendaz / Thyon
Les Collons / Saint-Luc
Val d'Anniviers
OWNER-BUILDERS. DIRECT SALE — VAL PROMOTION SA
Avenue du Midi 10 — CH 1950 SION — 027 / 23 34 95
MANAGEMENT - RENTING - DOMICILIATION - INSURANCE

Montana-Crans / Andermatt
Haute-Nendaz / Thyon
Les Collons / Saint-Luc
Val d'Anniviers
OWNER-BUILDERS. DIRECT SALE — VAL PROMOTION SA
Avenue du Midi 10 — CH 1950 SION — 027 / 23 34 95
MANAGEMENT - RENTING - DOMICILIATION - INSURANCE

Montana-Crans / Andermatt
Haute-Nendaz / Thyon
Les Collons / Saint-Luc
Val d'Anniviers
OWNER-BUILDERS. DIRECT SALE — VAL PROMOTION SA
Avenue du Midi 10 — CH 1950 SION — 027 / 23 34 95
MANAGEMENT - RENTING - DOMICILIATION - INSURANCE

Montana-Crans / Andermatt
Haute-Nendaz / Thyon
Les Collons / Saint-Luc
Val d'Anniviers
OWNER-BUILDERS. DIRECT SALE — VAL PROMOTION SA
Avenue du Midi 10 — CH 1950 SION — 027 / 23 34 95
MANAGEMENT - RENTING - DOMICILIATION - INSURANCE

Montana-Crans / Andermatt
Haute-Nendaz / Thyon
Les Collons / Saint-Luc
Val d'Anniviers
OWNER-BUILDERS. DIRECT SALE — VAL PROMOTION SA
Avenue du Midi 10 — CH 1950 SION — 027 / 23 34 95
MANAGEMENT - RENTING - DOMICILIATION - INSURANCE

Montana-Crans / Andermatt
Haute-Nendaz / Thyon
Les Collons / Saint-Luc
Val d'Anniviers
OWNER-BUILDERS. DIRECT SALE — VAL PROMOTION SA
Avenue du Midi 10 — CH 1950 SION — 027 / 23 34 95
MANAGEMENT - RENTING - DOMICILIATION - INSURANCE

Montana-Crans / Andermatt
Haute-Nendaz / Thyon
Les Collons / Saint-Luc
Val d'Anniviers
OWNER-BUILDERS. DIRECT SALE — VAL PROMOTION SA
Avenue du Midi 10 — CH 1950 SION — 027 / 23 34 95
MANAGEMENT - RENTING - DOMICILIATION - INSURANCE

Montana-Crans / Andermatt
Haute-Nendaz / Thyon
Les Collons / Saint-Luc
Val d'Anniviers
OWNER-BUILDERS. DIRECT SALE — VAL PROMOTION SA
Avenue du Midi 10 — CH 1950 SION — 027 / 23 34 95
MANAGEMENT - RENTING - DOMICILIATION - INSURANCE

Montana-Crans / Andermatt
Haute-Nendaz / Thyon
Les Collons / Saint-Luc
Val d'Anniviers
OWNER-BUILDERS. DIRECT SALE — VAL PROMOTION SA
Avenue du Midi 10 — CH 1950 SION — 027 / 23 34 95
MANAGEMENT - RENTING - DOMICILIATION - INSURANCE

Montana-Crans / Andermatt
Haute-Nendaz / Thyon
Les Collons / Saint-Luc
Val d'Anniviers
OWNER-BUILDERS. DIRECT SALE — VAL PROMOTION SA
Avenue du Midi 10 — CH 1950 SION — 027 / 23 34 95
MANAGEMENT - RENTING - DOMICILIATION - INSURANCE

Montana-Crans / Andermatt
Haute-Nendaz / Thyon
Les Collons / Saint-Luc
Val d'Anniviers
OWNER-BUILDERS. DIRECT SALE — VAL PROMOTION SA
Avenue du Midi 10 — CH 1950 SION — 027 / 23 34 95
MANAGEMENT - RENTING - DOMICILIATION - INSURANCE

Montana-Crans / Andermatt
Haute-Nendaz / Thyon
Les Collons / Saint-Luc
Val d'Anniviers
OWNER-BUILDERS. DIRECT SALE — VAL PROMOTION SA
Avenue du Midi 10 — CH 1950 SION — 027 / 23 34 95
MANAGEMENT - RENTING - DOMICILIATION - INSURANCE

Montana-Crans / Andermatt
Haute-Nendaz / Thyon
Les Collons / Saint-Luc
Val d'Anniviers
OWNER-BUILDERS. DIRECT SALE — VAL PROMOTION SA
Avenue du Midi 10 — CH 1950 SION — 027 / 23 34 95
MANAGEMENT - RENTING - DOMICILIATION - INSURANCE

Montana-Crans / Andermatt
Haute-Nendaz / Thyon
Les Collons / Saint-Luc
Val d'Anniviers
OWNER-BUILDERS. DIRECT SALE — VAL PROMOTION SA
Avenue du Midi 10 — CH 1950 SION — 027 / 23 34 95
MANAGEMENT - RENTING - DOMICILIATION - INSURANCE

Montana-Crans / Andermatt
Haute-Nendaz / Thyon
Les Collons / Saint-Luc
Val d'Anniviers
OWNER-BUILDERS. DIRECT SALE — VAL PROMOTION SA
Avenue du Midi 10 — CH 1950 SION — 027 / 23 34 95
MANAGEMENT - RENTING - DOMICILIATION - INSURANCE

Montana-Crans / Andermatt
Haute-Nendaz / Thyon
Les Collons / Saint-Luc
Val d'Anniviers
OWNER-BUILDERS. DIRECT SALE — VAL PROMOTION SA
Avenue du Midi 10 — CH 1950 SION — 027 / 23 34 95
MANAGEMENT - RENTING - DOMICILIATION - INSURANCE

Montana-Crans / Andermatt
Haute-Nendaz / Thyon
Les Collons / Saint-Luc
Val d'Anniviers
OWNER-BUILDERS. DIRECT SALE — VAL PROMOTION SA
Avenue du Midi 10 — CH 1950 SION — 027 / 23 34 95
MANAGEMENT - RENTING - DOMICILIATION - INSURANCE

Montana-Crans / Andermatt
Haute-Nendaz / Thyon
Les Collons / Saint-Luc
Val d'Anniviers
OWNER-BUILDERS. DIRECT SALE — VAL PROMOTION SA
Avenue du Midi 10 — CH 1950 SION — 027 / 23 34 95
MANAGEMENT - RENTING - DOMICILIATION - INSURANCE

Montana-Crans / Andermatt
Haute-Nendaz / Thyon
Les Collons / Saint-Luc
Val d'Anniviers
OWNER-BUILDERS. DIRECT SALE — VAL PROMOTION SA
Avenue du Midi 10 — CH 1950 SION — 027 / 23 34 95
MANAGEMENT - RENTING - DOMICILIATION - INSURANCE

Montana-Crans / Andermatt
Haute-Nendaz / Thyon
Les Collons / Saint-Luc
Val d'Anniviers
OWNER-BUILDERS. DIRECT SALE — VAL PROMOTION SA
Avenue du Midi 10 — CH 1950 SION — 027 / 23 34 95
MANAGEMENT - RENTING - DOMICILIATION - INSURANCE

Montana-Crans / Andermatt
Haute-Nendaz / Thyon
Les Collons / Saint-Luc
Val d'Anniviers
OWNER-BUILDERS. DIRECT SALE — VAL PROMOTION SA
Avenue du Midi 10 — CH 1950 SION — 027 / 23 34 95
MANAGEMENT - RENTING - DOMICILIATION - INSURANCE

Montana-Crans / Andermatt
Haute-Nendaz / Thyon
Les Collons / Saint-Luc
Val d'Anniviers
OWNER-BUILDERS. DIRECT SALE — VAL PROMOTION SA
Avenue du Midi 10 — CH 1950 SION — 027 / 23 34 95
MANAGEMENT - RENTING - DOMICILIATION - INSURANCE



Part 3

Investing: A Period of Change

By Howard Roberts

FRAKURT — A dramatic change has swept across West German capital markets, a once-secure base for excess have become something of a pariah in of surplus-holding countries eager to vantage of the more attractive returns by the British, the United States and

ever, interest rates in West Germany always have been lower than those so why has the German market been only shunned by the investing world? The opinion of one German investment the answer lies in the changing attitudes of foreign investors.

Fundamentals Change

The fundamentals have changed," the said. "Investors are now not just looking at interest rates and comparative inflation, but are scrutinizing very carefully the German economy and the political situation in general. They are contrasting the current problems of the German government with the seemingly more determined policies of Prime Minister Margaret Thatcher and President Ronald Reagan."

In 1968, West Germany had something about with large-scale debts of most other countries. In order to stem the capital from the country the West German Finance Ministry imposed a 25-percent trading tax on income from bond paying and allowed non-domestic investors to buy only those bonds that had an outstanding maturity of at least four years.

ever, this did not deter foreign investors from the West German market was synonymous with revaluation potential and security. Germany was still in the midst of its "miracle" and, apart from manufacturers in the mid-seventies when the first oil shocks came from the Middle East, it nothing could prevent the rise to further.

many overcame this first oil price rise

ative facility, and soon was giving evidence of its financial prestige by taking steps to support the dollar. But new oil shocks in 1979, and it became clear that the things brought with them were not

cyclical but rather showed up deep

problems in the German economy.

many's dependence on imported oil was hit by the new price rises, and the current plunged from a surplus of over 18 marks in 1978 to a deficit of 10 billion.

This decline repeated itself in 1980, he shortfall totalled DM28 billion.

ign investors became skeptical. They

estimated the trend on the German capital, which boomed when they bought

(Continued on Page 115)

Banks: Doubt World Aims

By Joshua Larkin

FRAKURT — For many West German bankers the question in regard to expanding international networks is not "when" but "whether."

prospects of a free-trade zone for banks in New York has not produced a rush of to found new subsidiaries and branch-

marks by one top executive raised speculation that some banks might pare the size of its abroad.

at a press conference in January, Paul Eberberg, interim chairman of Commerzbank AG, remarked that the Luxembourg building of Commerzbank International as ideally suited for uses other than bank-

eral senior officials of the bank deny any from Luxembourg is under consideration. "We have no plans to change our position Luxembourg," said Dr. Wolfgang Jahn, of international operations. But Mr. Eberberg's statement has made other bankers consider how wide their own nets should

ndesbank Rheinland-Pfalz is a relative newcomer to the ranks of German banks operating abroad. In the early 1970s it had a stake in a consortium bank in Luxembourg, but only a few years ago did it establish its own subsidiary, Sonnen, head of international opera-

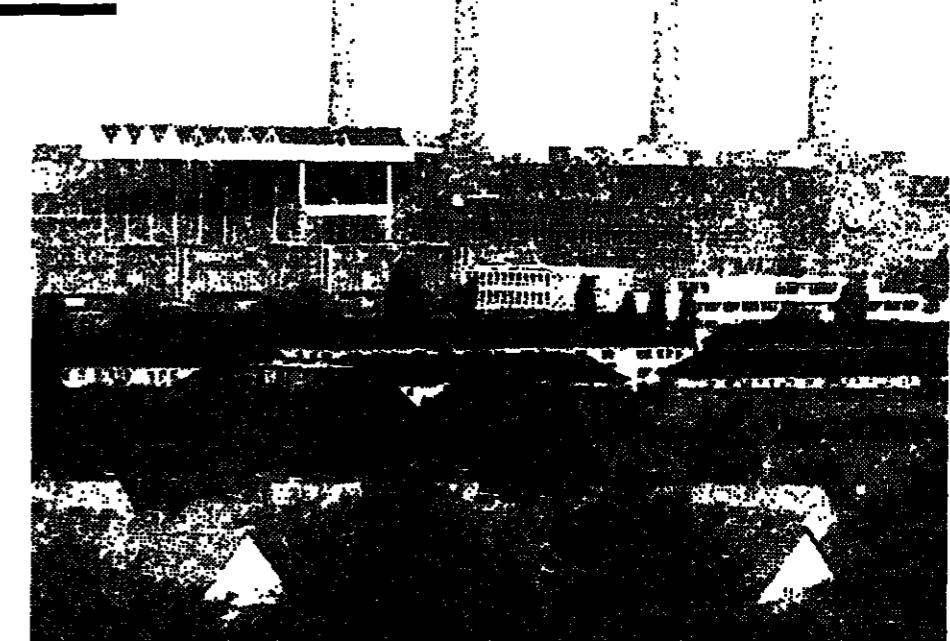
(Continued on Page 115)

INTERNATIONAL
Herald Tribune
Published with The New York Times and The Washington Post

PARIS, APRIL, 1981

A SPECIAL SUPPLEMENT

FOCUS ON WEST GERMANY 1981



Volkswagen headquarters at Wolfsburg

Auto Industry Resists Recession

By Andrew Hargrave

FRAKURT — West German automobile manufacturers have shown greater resilience in the economic recession than most of their European or North American counterparts.

As Eberhard von Kuenheim, chief executive of BMW, recently pointed out with pride, two of the three European carmakers who managed to increase their output last year were West German (BMW, Daimler-Benz and Renault of France).

In a year of sharply reduced overall world production, West Germany remained the third-largest carmaker with a share of 12 percent (10 percent of all vehicles when trucks and buses are included). In exports, West Germany was second only to Japan and well ahead of its nearest rival, France.

Although the profits achieved by most West German volume car manufacturers declined last year from prosperous 1979, all — including the major U.S. subsidiaries of Opel (General Motors) and Ford — have avoided the large losses suffered by PSA Peugeot-Citroen of France, British Leyland, Fiat of Italy and the U.S. parents of GM and Ford.

The Japanese advance in Europe did not, of course, spare the German market. The share of Japanese cars in total new registrations (down by 7.5 percent) doubled from 5.4 percent in 1979 to 10.4 percent last year.

In all, foreign cars captured more than a quarter of all new car sales. In turn, West German exports, 53.5 percent of total domestic output (up from 50.8 percent in the previous year) represented a lower volume within a total output which dropped by about 410,000 cars to 3.52 million last year.

The composition of new registrations reflects both the effects of the recession and the advance of foreign cars. The number of smaller cars (under 1,500 cc) registered rose by

(Continued on Page 115)

Commercial Vehicles: A Healthy Sales Year

By Charles Wilkins

BONN — West German producers of commercial vehicles can have few grounds for complaint these days. In fact they should have plenty to be pleased about when looking back on last year's healthy sales and production results.

Although the domestic market may not have lived fully up to hopes for it, at least the export market was booming. West German commercial vehicle exports in 1980 climbed 18 percent to a record 210,700 units. Demand was up, particularly in Western Europe, OPEC countries and some African states. Production also reached a record level, rising 13 percent to 357,600 vehicles.

New domestic commercial vehicle registrations advanced more modestly, increasing by three percent to 175,500. Home demand, which had been satisfactory, tapered off from the whole investment goods sector and especially in the building branch as the year drew on. New truck registrations rose only 1.2 percent last year, while for buses the total was up just 0.7 percent.

The leading West German producer, Daimler-Benz AG, had plenty of reason to be satisfied with its performance in 1980. Despite a two-percent drop in domestic volume sales of commercial vehicles, exports achieved a 20-percent gain. The company said it had used domestic production capacity to the full. Output from plants in West Germany climbed 7.6 percent to 203,041 units, made up chiefly of light transporters, medium- and heavy-sized vehicles and buses.

Good International Position

Further afield, Daimler-Benz's position last year in the international market, where it has around a 2.4-percent share, was successfully defended and even expanded in some cases, the company said. Group worldwide commercial vehicle production was raised 6.4 percent. Output was substantially lifted in the medium and heavy truck ranges. Daimler has pointed out that just under 70,000 units of its overall world output were produced by South American subsidiaries in Brazil and Argentina.

Daimler recently has been conducting "informative talks" with the U.S. truck producer White Motor. But the company said these were

not negotiations aimed at taking over the heavy-diesel truck manufacturer as some press reports had suggested. Daimler opened its first truck-building plant in the U.S. last year. It plans to produce 4,000 trucks in the 9- to 15-ton range this year at the Hampton, Va., site, which at full capacity has a potential annual output of about 18,000 units.

Southeast of Daimler's Stuttgart headquarters is another group that had held discussions with White Motor with a view to a possible takeover. But Maschinenfabrik Augsburg-Nürnberg AG (MAN) decided in 1979 not to go ahead with the project.

MAN, a commercial-vehicle and engineering group three-quarters owned by the mechanical engineering group Gutehoffnungshütte, has about 61 percent of its group sales in the commercial vehicles sector. It grew strongly last year and raised its domestic market share from 22.6 percent in 1979 to over 24 percent. This figure compares with Daimler's own hefty slice of the home market amounting to over 30 percent.

Heavy Investment Paying Off

Truck output at MAN rose just over 13 percent to 30,180 units while bus production dropped seven percent to 2,845 units. The group hopes to push truck output up a further five percent this year. Heavy investment in the modernization and expansion of production at its commercial vehicle plant in Munich have begun to pay off, and returns are expected to pick up strongly from late this year.

On the export side, more than half the group's vehicle production is sold outside the home market. Truck exports last year climbed around 36 percent to 8,500 and MAN is aiming for more than a 20-percent rise again this year.

MAN set up a subsidiary — the MAN Truck and Bus Manufacturing Corp. — in the United States last spring, and invested about 20 million marks in a building production plant at Cleveland, North Carolina. The U.S. facility will come into operation this summer with production for two large bus contracts for the cities of Chicago and Seattle. Elsewhere the group already holds a one-third stake in a truck and bus assembly plant at Istanbul, Turkey.

(Continued on Page 105)

The 50 Leading Industrial Companies

RANK	COMPANY	SECTOR	TURNOVER (DM billions)		EMPLOYEES (in 1,000s)	NOTES
			1979	1978		
1.	Veba	Energy/Oil/Chemicals	34.606	31.177	81.4	D
2.	Volkswagenwerk	Motor vehicles	30.707	26.724	206.9	W
3.	Siemens	Electrical goods	28.022	29.009	334.0	W
4.	BASF	Chemicals	28.022	23.254	117.2	W
5.	Daimler	Motor vehicles	27.367	24.236	180.7	W
6.	Hoelzel	Chemicals	22.080	24.191	180.7	W
7.	Boehr	Chemicals	26.003	22.836	181.0	W
8.	Thyssen	Steel	25.358	23.459	157.3	W
	Volkswagenwerk (No. 2)		24.257	22.383	115.4	I
	Stemmer (No. 3)		22.455	22.462	—	D
	Thyssen (No. 8)		21.076	19.212	128.6	D
	BASF (No. 4)		20.498	17.000	—	D
9.	Kloeckner-Bereich ¹	Steel	17.589	14.573	74.6	O
10.	Deutsche Shell	Oil	17.036	11.893	—	O
	Veba Oil AG (No. 1)		16.523	9.848	23.4 ²	D
11.	Deutsche BP	Oil	16.484	9.528	4.2	I
12.	Ruhrgas	Mining	16.222	12.488	136.5	D
13.	RWE	Power generation	15.669	12.778	58.3	D
14.	Eso	Oil	15.275	12.076	4.4	D
15.	AEG-Telefunken	Electrical goods	14.208	14.097	154.3	W
	Hoesch (No. 4)		14.097	13.076	—	D
	Bayer (No. 7)		13.662	12.100	—	D
16.	Gutehoffnungshütte	Machinery	13.617	12.401	84.6	O
17.	Krupp	Steel/Machinery	12.787	11.899	86.2	W
18.	Mannesmann	Steel/Machinery	12.500	12.670	105.8	W
	AEG-Telefunken (No. 15)		11.929	12.024	—	D
19.	Opel	Motor vehicles	10.950 ³	10.642	—	I
20.	Ford	Motor vehicles	10.911	10.475	57.8	I
21.	Bosch	Electrical goods	10.804	9.618	120.5	W
	Mannesmann (No. 18)		10.443	10.641	—	D
	Gutehoffnungshütte (No. 16)		10.238	9.479	—	D
22.	Quandt-Bereich ³	Holding company	10.200 ²	9.200 ²	—	O
	RWE (No. 13)		9.082	8.212	21.5	I
23.	Flick-Gruppe	Chemicals/Paper/Steel	8.740	7.624	46.9	D
24.	Metallgesellschaft	Chemicals	8.600	8.000	—	W
	Wintershall (No. 4)		7.900	6.600	16.7	O
	Metallgesellschaft (No. 24)		7.891	7.117	27.3	D
25.	Hoesch Werke	Steel	7.658	6.538	49.1	D
26.	Deutsche Uihlever	Foods	7.614	7.307	35.0	D
	BMW (No. 22)		7.407	6.537	41.9	W
27.	Deutsche Texaco	Oil	7.359	5.885	4.8	D
28.	Schäffer	Steel/Shipyards	7.195	6.724	55.7	W
	Bosch GmbH (No. 21)		7.181	6.353	63.1	I
	MAN (No. 16)		7.070	6.727	62.1	O
29.	Mobil Oil in Deutschland	Oil	6.793	5.174	2.4	I
30.	IBM	Electronics	6.593	6.318	26.0	I
31.	Reemtsma	Tobacco	6.415	6.264	14.1	W
32.	Ruhrgas	Energy	6.244	5.493	—	D
33.	Henkel-Gruppe	Chem. Detergents	6.138	5.602	3	



The Top 20 Trade Companies in West Germany

Rank	COMPANY	SECTOR	TURNOVER		EMPLOYEES	
			1979	1978	1979	1978
1.	Hugo Stinnes	Holding company	11,503	10,245	20,4	21,1
2.	Karlstadt-Gruppe	Department stores	11,089	10,723	85,2	87,2
3.	Arol	Oil	10,833	9,444	2,2	2,4
4.	Reich Karcher	Holding company	10,443	7,849	11,5	11,2
5.	Thyssen Handelsunion	Iron/Steel/Machinery	10,236	8,845	13,0	11,3
6.	Klockner & Co.	Iron/Steel/Machinery	9,509	8,782	8,5	10,4
7.	Schickendantz-Gruppe	Paper/Mail order	9,253	8,579	43,5	43,3
	Karlstadt (No. 2)		8,424	8,080	75,8	77,5
	Schickendantz-Handelsgruppe (No. 7)		7,984	7,441	—	—
8.	Edelk Zentrale	Groceries	7,660	7,240	—	—
9.	Kaufhof	Department stores	7,241	6,723	58,8	57,7
10.	Mabronat-Gruppe	Oil trading	6,900	5,000	0,8	0,7
11.	Toepfer	Cereals	6,764	7,974	—	—
12.	Rewe Zentrale	Groceries	6,575	5,710	6,0	5,6
13.	Herbig	Department stores	5,682	5,696	—	—
14.	Baywa	Department stores	5,445	4,912	14,4	14,4
	Kaufhof AG (No. 9)		5,395	5,047	47,5	46,7
15.	Gedeli	Department stores	4,630	4,500	—	—
16.	Co op Zentrale	Textiles	4,630	4,445	—	—
17.	Brenninkmeyer	Department stores	4,414	3,488	—	—
18.	Rewe-Liebbrand	Machinery/Steel	4,392	4,604	3,0	—
19.	Mannesmann Handel AG	Groceries	3,960	3,767	—	—
20.	Tengelmann - Kaiser's Kaffee					

Source: Frankfurter Allgemeine Zeitung

A Good Year for Commercial Vehicles

(Continued from Page 95)

key, and has been negotiating with the government for a heavy-diesel-engine production plant worth around 50 million marks in which it would again take a minority holding. The group also is reported to be planning an engine and truck assembly plant in India.

MAN has been producing a new range of six- to nine-ton trucks in cooperation with Volkswagenwerk AG. This program began in 1979 at VW's Hannover works and MAN's plant at Salzgitter. The two firms aim to reach a production level of around 15,000 vehicles annually by 1984-1985, of which more than half will be for export. Production in 1979-1980 was 1,600 units and this year's goal is about 3,500.

However, VW has been working on short-time in Hannover since January because of weak demand

for commercial vehicles in Europe. The federal post office and some other buyers have been delaying taking delivery of vehicles owing to budget difficulties and generally tight financial conditions. In February, 16,000 of the 22,000-man Hannover work force were affected by extended short-time, originally planned for only 25 days during the first half of this year. The move will cut output of two truck models in the one- to four-ton range, VW said.

But the overall outlook at VW this year is for stable commercial vehicle sales at around the same level as in 1980. The group's world sales in this sector climbed to about 237,300 last year from 225,200 in 1979. Domestic business has been positive and VW is confident this will be maintained, but developments abroad have been difficult in some countries, particularly in Britain and France

owing to the poor economic climate and high interest rates.

Although West German motor vehicle output fell sharply at the start of 1981, commercial vehicle production was relatively steady at 28,000 units, around the same level as in January last year and slightly up from December's 27,000 units.

Exports also showed little change from last year's level, totaling 15,200 in January — down from December's total of 19,000.

It is unlikely that 1981 will be as good as 1980. The industry recognizes that little better than status quo can be hoped for in sales on the domestic market under current conditions. But exports should be helped by a weaker mark. Although sharp currency fluctuations are no help to exporters, improved competitiveness gained through a drop in the mark is something West German producers hardly will complain about.

Profile: VW's Head and 'the World Car'

WOLFSBURG — For only seven years in his long career was Toni Schmeecker, chief of Volkswagenwerk AG, absent from the motor industry, and then probably to achieve his ambition of being an unchallenged Number One. Those years, 1968-1975, were spent with a major engineering company, Rheinstahl, but when it was swallowed up late in 1973 by an even bigger fish, Thyssen, the writing was on the wall for Mr. Schmeecker: Thyssen's top man was a few years younger than he.

There are, however, always opportunities in the motor industry for ambitious men with overdrive, for chief executives to rotate among companies at fairly frequent intervals. This is particularly true of companies in trouble, which also happens frequently in a volatile industry sensitive to the general state of the economy and to changes in fashion and habits. (Mr. Schmeecker was an exception, having been with Ford, Germany, for more than 20 years.)

In February, 1975, when Mr. Schmeecker succeeded Rudolf Leiding in VW's driving seat, the company was in deep trouble — its domestic market shrinking, its large U.S. market collapsing, its losses mounting, its cash flow drying up. It did have a promising new model, Golf, to replace the old workhorse, the Beetle, but time and money were needed to market it globally.

Mr. Schmeecker was lucky to in-

herit the Golf and benefit from the upswing, albeit temporary, in the automobile industry. There had also been a tentative proposal — it was, Mr. Schmeecker emphasizes, no more than that — to recapture VW's U.S. sales, which in the early 1970s were as high as 20 per cent of the company's total output, by setting up a production plant there. "When in 1969 such a plant was thought of the first time, VW had the money but no model," he recalls. "Then we had the model (the Golf) but no money to implement such a plan."

Another Factory Coming

Mr. Schmeecker also insists that when he arrived at VW to replace Mr. Leiding, there was no firm decision or blueprint to produce cars in the U.S. This was soon rectified, however. In 1978 the first cars rolled off VW's Westmoreland, Pa., assembly line: a second factory is due to be added next year to raise capacity to 400,000 units a year.

VW is now duly established in the United States with the American version of the Golf, called Rabbit, but after its successful first full year in 1979, it ran right into a major recession. Car output in the U.S. last year dropped by 30 percent compared with only 9 percent in West Germany. In Brazil, too, at present VW's biggest overseas operation, production dropped and, as a result of price controls and a six-week strike, VW

suffered its first-ever financial loss last year.

Undaunted, Mr. Schmeecker looked to the only major market of the world so far unaffected by the recession: Japan. Last winter he initiated talks with Nissan to produce the medium-size VW models — the Audi 80 or the Passat — at the company's plant and so establish substantial VW presence in the Far East.

The eventual target is 200,000 cars or more per year, with an increasing Japanese content and resulting benefits from that country's lower pay, fewer holidays and high productivity.

The main objective is, of course, to penetrate the Japanese domestic market where VW, though the largest exporter from Europe, only managed to sell 20,000 cars last year. The idea is to raise this at least fivefold to give VW a 3- or 4-percent market share in Japan in addition to the present 0.7 percent.

"However," Mr. Schmeecker emphasizes, "nothing has been finally decided. It all depends on the joint study still to be completed." Mr. Schmeecker, like other European car chiefs, is not unconcerned about Nissan's plan to set up a factory in the United Kingdom. "Unless the product has a high local content," he says, "the problem of Japanese penetration of the European market would only be

transferred from Japan to Europe."

He is confident about the future of the motor industry, though he admits 1981 may be no better than the very poor 1980. Energy saving will remain VW's first priority, even though after a 25-percent drop in pro rata fuel consumption in the 1970s, the elbow room for further savings is limited.

On the other hand, the success of the diesel-engined Rabbit in the U.S. has shown the potential of this highly economical engine outside West Germany (where it is already widespread). Electronics, too, are likely to contribute to saving energy and may eventually have a share of 10 to 15 percent in the price of the average-volume car, considerably more than the present two percent.

Alcohol-Fueled Engines

VW's experience in Brazil, where one-third of its output is equipped with engines using alcohol as fuel (it would be more were its use not limited by the sugar-cane based ethanol supplies), is also considered an important asset as gasoline gets scarcer and costlier.

Mr. Schmeecker's long association with Ford has certainly given him grounding in the American way of car-thinking, and despite their current vicissitudes, General Motors and Ford remain VW's biggest rivals inside and outside West Germany. Yet the "world

cars" promoted by both fear for him. Cars, he says, vary from country to country to conform to local preferences and idiosyncrasies. "In a Golf we, too, world car."

He accepts the logic of the interconnection of components and of GM's \$40-million investment in the world car represents money," he says, adding, "something they start it big."

This he knows from personal experience as VW chief and Ford executive. Mr. Schmeecker will be 60 later this year, does not underestimate the challenge.

The federal government asked MBB and FWF to prepare a full report on the Airbus by May covering the possibility of raising revenues and costs.

If the goals set for this be met, the Airbus company hopes to be in a position to raise one-third of the work in the relevant sectors in term.

As to the immediate Airbus Industrie said this January it had orders in for 456 aircraft, of which 375 are firm orders and 155 options. Last year the figure was 223 different aircraft in service for 23 different MBB said at the end of the year. Airbus program is estimated to cost \$10 billion over the next five years.

The funds will be provided by the government for the development and improvement of the two aircraft series, the A-300 and the A-310. Bonn had previously frozen Airbus subsidies until a merger was reached.

The government also had an interest in improving the efficiency of an industry which had swallowed up large subsidies from Bonn. With an eye to the future, attention centered generally on the Airbus program in which both MBB and FWF are heavily involved.

The new MBB group plans to achieve consolidated sales this year of DM5.1 billion, after reporting an unconsolidated turnover of DM4.3 billion in 1980. Last year's figure includes sales from FWF and its subsidiary, Erno Raumfahrttechnik GMBH, which specializes in space technology. Investments are set at DM1.4 billion up to 1984 and include DM697 million for this year.

Despite the demand for the Airbus and the planned increases, a FWF spokesman remarked at the time of the merger that the two companies will continue to support the program because without it the could not have continued longer.

MBB supervisory board member Max Strebl recently that a number of companies were very interested in buying stakes in MBB. FWF's major shareholders Krupp, GMBH and the Bremen, received a joint

interest in the new group. MBB said in December, 1981, will be decisive for the future of the Airbus program. The first of the A-310 series aircraft will go into production and the consortium must achieve a substantial jump in output. Airbus production is set to increase from the current 3.5 month to about eight aircraft every month by early 1984.

Growth is expected to be strong in the northern sectors of the new group at first. In the south, the military aircraft sector is reported to have full order books until the end of the decade. However, budget difficulties not only in West Germany but also in the U.K. and Italy could affect production levels of the Tornado in which MBB is a stakes. Problems also are forecast for later in the 1980s for the southern sector in the research and development area for military hardware. Cutbacks in orders from the Defense Ministry which is under pressure to hold down spending would hurt the joint MBB/FWF research team.

But in the north, as MBB said in December, 1981, will be decisive for the future of the Airbus program. The first of the A-310 series aircraft will go into production and the consortium must achieve a substantial jump in output. Airbus production is set to increase from the current 3.5 month to about eight aircraft every month by early 1984.

Geography a Problem

Although the merger has finally been settled, FWF will continue functioning under its own name during a lengthy period of integration while its activities are progressively aligned with MBB. Problems over jobs and the location of works between north and south, which

are small place in North

As much as anything, companies need to spread activities worldwide to do growing research and development in the development of new drugs. According to West German Pharmaceutical Federation, "no more than 90 million marks in DM5 billion, a 16.7 percent jump. The scope of West German drug companies' influence is far-reaching. The major multinational companies have all built manufacturing and research facilities within local foreign markets, partly to be closer to customers but also as a result of the increasing pressure of government control. Including local manufacture, the German pharmaceutical industry is estimated to have sales of at least DM11 billion, a figure that has been growing rapidly under the impact of foreign takeovers, particularly in the United States.

Bayer, for example, achieved sales of \$886.1 million in the United States last year with its pharmaceutical and diagnostic subsidiary Miles Laboratories — an increase of 15.3 percent — while its other major U.S. drug subsidiary, Cutter Laboratories, boosted its turnover by 8.4 percent to \$330 million. The profits side was not so rosy at Cutter, with a significant drop in net income to \$2.9 million, but the strong investment program at Miles is beginning to pay off and net income jumped to \$7.43 million from \$2.4 million the previous year.

The United States is the world's largest drug market, and the big West German drug groups have made important strides in recent years to carve out

Potential buyers may be very patient. Mr. Strebl doubted whether changes in ownership are likely in the future. It is probably just after Germany's new group has taken off.

The pharmaceutical sector's second-most research-oriented branch of West German is after aerospace, but unlike the craft business, it funds its own research. Research development costs have been increasing between 14 and 15 percent of the industry's turnover for years.

Between 1979 and 1980, direct aid to Federal Research and Technical Ministry totalled only DM47 million under the agreement, he said. Now, including the Flick concern, U.S. firms are said to be holding stakes in the new group.

The pharmaceutical industry's development costs have not led to successful development. Only about 6,000 new compounds are successful.

The pharmaceutical sector's second-most research-oriented branch of West German is after aerospace, but unlike the craft business, it funds its own research. Research development costs have been increasing between 14 and 15 percent of the industry's turnover for years.

Between 1979 and 1980, direct aid to Federal Research and Technical Ministry totalled only DM47 million under the agreement, he said. Now, including the Flick concern, U.S. firms are said to be holding stakes in the new group.

As a result of this research, the pharmaceutical industry's development costs have not led to successful development. Only about 6,000 new compounds are successful.

The pharmaceutical industry's development costs have not led to successful development. Only about 6,000 new compounds are successful.

The pharmaceutical industry's development costs have not led to successful development. Only about 6,000 new compounds are successful.

The pharmaceutical industry's development costs have not led to successful development. Only about 6,000 new compounds are successful.

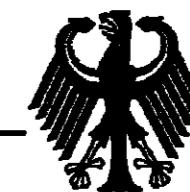
The pharmaceutical industry's development costs have not led to successful development. Only about 6,000 new compounds are successful.

The pharmaceutical industry's development costs have not led to successful development. Only about 6,000 new compounds are successful.

The pharmaceutical industry's development costs have not led to successful development. Only about 6,000 new compounds are successful.

The pharmaceutical industry's development costs have not led to successful development. Only about 6,000 new compounds are successful.

The pharmaceutical industry's development costs have not



Nation's Automobile Industry Manages to Resist Recession

(Continued from Page 9S)

from the previous year while those over 1,500 cc fell by 16.3 percent. In the former, the smaller medium-size cars (1,200 to 1,499 cc) a 30-percent increase at the expense of categories immediately above. Fuel consumption and prices all played their part in it which, as seen below, affected the carmakers differently. The chart shows clearly the overall effect on new registrations over the year.

TABLE I — New Registrations of Cars in West Germany, 1978-1980

	1978	1979	1980
DOMESTIC MAKES	154,567	153,923	138,728
Benz	221,443	242,848	249,249
BMW	369,230	309,318	250,630
VW	514,478	470,482	402,015
Opel	11,368	12,001	10,525
Porsche	807,782	827,208	736,109
NSU	77	78	49
Others	2,079,245	2,015,858	1,787,505
TOTAL	2,663,754	2,623,399	2,426,187
SIGN MAKES	21.9%	23.2%	26.3%

Source: VDA (German Automobile Manufacturer's Association)

The next table showing car production by individual West German carmakers indicates the extent to which they were able to make up for the loss of new registrations in the domestic market by exports: BMW's overall increase in output despite lower sales in the home market is clearly a case in point.

TABLE II — Output by Individual Carmakers 1979-80

MANUFACTURER	1979	1980
BMW	328,281	330,087
Daimler-Benz	433,206	438,829
Ford	546,597	419,517
Opel	960,243	786,663
Porsche	36,011	28,622
VW/Audi/NSU	1,627,861	1,517,216
TOTAL	3,932,556	3,520,934

Source: VDA

This is however, not the total production by West German manufacturers, who produced more than a million cars outside the Federal Republic. The lion's share is claimed by VW (in Brazil, the U.S. and elsewhere) and Ford (in Belgium). As shown below, overseas output last year — unlike domestic production — was maintained at the 1979 level.

TABLE III — Output of German Makes Abroad (With German Components)

MANUFACTURER	1979	1980
BMW	8,700	10,944
Daimler-Benz	2,508	6,667
Ford	285,372	199,516
Opel	45,163	41,105
VW/Audi/NSU	799,910	884,084
TOTAL	1,141,653	1,142,316

Source: VDA

Despite the fall in domestic production and the generally sceptical business climate, West German automobile manufacturers still intend to invest in excess of 10 billion Deutsche marks this year. "This shows the determination of the industry to look to the future in spite of the current difficulties," comments Horst Bachmann, president of VDA.

All West German motor manufacturers have announced substantial domestic investment programs in recent years.

Daimler-Benz's DM10-billion program includes the "small Mercedes" still under wraps. Three-quarters of VW's annual DM4-billion to 4.5 billion program is being spent on domestic plants; BMW will invest DM2 billion in its Dingolfing factory rather than start an entirely new one on a greenfield site; Opel has assured its workers that GM's worldwide "World Car" plans will include the Rüsselsheim operations near Frankfurt. Ford, too, will continue to invest heavily in West Germany.

Mr. Bachmann had a special word about Japanese competition, which he believes should be fought without recourse to interfering with the free market. He called on the Japanese to "spread their exports" (which at present are limited to a few industrial sectors, including the automobile industry) and not to "shatter the basis of free trade" by exporting unemployment.

Meanwhile VW has adopted the "if you cannot beat them, join them" attitude by discussing with Nissan the possibility of producing one of its medium-size (Passat or Audi 80) models in the Japanese company's own works. This as well as BMW's new subsidiary are aimed at countering the apparent Japanese reluctance to "buy foreign." At the same time, Nissan is trying to soothe European nerves by setting up a plant in Britain and linking up with Alfa-Romeo in Italy.

(There are attempts by other Japanese manufacturers, too, to gain footholds in Europe. These include Honda's deal with British Leyland to produce a medium-size car and Toyota's interest in SEAT of Spain. Moreover, in the next few years, one may see the results of the cooperative ventures between Japanese manufacturers and the US giants GM and Ford hitting the European market.)

West German automobile makers place great emphasis on their ability to beat the energy crisis by progressively lowering the fuel consumption of vehicles of all capacities and sizes. Daimler-Benz, proud of the success of increasing its domestic registrations last year — the only West German manufacturer to do so — powers almost half its new cars by energy-saving diesel engines.

An increasing proportion of BMW and VW cars also run on diesel: the diesel-engined Rabbit manufactured in the U.S. has proved to be exceedingly popular in a country which until recently paid scant attention to fuel economy.

Energy saving has entered every area of West German car production, from electronic drive and ignition controls to the elimination of "drag," the switching off of cylinders while idling and the move from gasoline to diesel. Nationwide trials to test an alcohol-gasoline mixture are being backed by all West German automobile manufacturers. VW's experience in Brazil, where nearly one-third of its output of almost 500,000 cars is



One of the test vehicles participating in a methanol-mixture experiment. The automobiles undergo nationwide trials.

powered by an alcohol-gasoline mixture, is of course a valuable basis for its own West German experiment.

What the manufacturers are keen on emphasizing is the role the authorities could play in further energy savings. Mr. Bachmann is not alone in underlining the need for limiting traffic jams on highways and for building more bypasses. "In this way, we can save considerable amounts of motor fuel, apart from reducing noise and exhaust emission and improving safety," he says.

Setbacks Are Possible

Overall, the West German carmakers are not optimistic about a revival of business this year. BMW's Von Kuenheim predicts difficulties in export markets and possible setbacks for European and U.S. manufacturers in their own domestic markets. Last year's figures show that apart from the Japanese, the only areas recording a growth in output were Latin America and Spain.

The manufacturers remain hopeful nevertheless about long-term prospects and cite a recent forecast by Shell that the domestic car population, at present 23.2 million units, would grow by 13 to 22 percent to between 26 and 28 million units by the year 2000. (The multinational oil concern also predicts a rise in motor fuel consumption, although by only half that rate, and only a minor share for alternative fuels such as alcohol or liquid gas. On the other hand, the authors of the report omit to take into account the effect of rising prices of fuel on the size of the car population on the grounds that its impact has so far been negligible.)

The question of whether 1982 will bring forth the long-awaited revival seems to depend very much on factors outside the motor industry, the manufacturers say. The most important factor is a resumption of healthy economic growth throughout the world.

Capital Investment Markets: Period of Change Has Begun

(Continued from Page 9S)

ained slack when they held off back they did.

situation was worsened by in the U.S. and U.K. to inflation. As U.S. prime rates rose 20 percent and the minimum lending rate in the U.K. hit cent, foreign investors saw to the German market despite moves by the Bundesbank.

West Germany's central bank, the Bundesbank, to improve the capital position of the current account by discount and Lombard port rates to record highs of 7.5 and 10 percent respectively, instead not return to the German market.

determined the trend. In last year, long-term capital interest rates had already through the psychological of 10 percent, foreign lenders not buying and the whole had soured. In July, prices market took a turn for the and yields fell. Since it certain the Bundesbank be forced to make some to stimulate the weakening and reduce interest rates. In August, interest rates in S. were again on the upturn. The Bundesbank could only and hope investors would take account of the low German inflation rate with the German market was not the case, and the on of the 1960s was re-

Far from attempting to the inflow of capital into the Bundesbank was to seek ways to encourage funds back to this country, to slow their outflow. Credit Embargo Effect

shortfall in the current had to be financed, and the bank was reluctant to this by draining the foreign currency reserves, though they may be. At of last year the Bundesbank concluded a "gentleman's agreement" with commercial and virtually placed an em-

on the extension of Deutschemark credits to other at the same time the bond continued to weaken and rose back above nine percent level none but a quality borrower was prepared to come to the market. Furthermore, any Deutsche-mark bonds which were launched during period were placed almost entirely at home, with the result they, too, represented capital as they were financed with its funds.

ed the Bundesbank to tighten on commercial banks' access, and the gentlemen's agreement was extended to Deutsche-Eurobonds, with a virtual a issuing until the end of 1981.

s move was compounded by the limitation on foreign issues of German bonds to a minimum outstanding of only one year. The reason was removed entirely in time.

Deutsche Bank Slipped Through some supranational bonds through the net of the embargo, but as one German bond put it, "When someone like European coal and steel company wants to raise money, it's difficult to turn down the request."

advent of Ronald Reagan to U.S. presidency worsened the for all forms of market-de-

any short-term revival of investment interest, and certainly not within the first six months of this year. But if the German economy shows some slight improvement toward the end of 1981 and there are in fact signs the government is making earnest efforts to reduce the current account deficit — capital may start to return as surplus countries seek to diversify away from the pound, the dollar and the yen. Most experts are unwilling to predict just how high German interest rates will rise, but some have suggested a peak of between 10.5 and 11 percent.

Determining Factors

There are two other factors, apart from foreign confidence in Germany, that will determine the extent of the rise in German interest rates.

The first of these is just how high the Bundesbank will push rates in the Inter-Bank money market in order to stop the rise of the dollar. This factor is all the more unfathomable since the Bundesbank has dispensed with the traditional Lombard borrowing facility and replaced it with an option to raise credit by the deposit of high quality collateral at the central bank against an interest rate which the Bundesbank is at liberty to change daily. Until the strategy of the Bundesbank becomes clear in this matter, it is impossible to guess just how high the interest rates may go.

The other factor is the extent of the 1981 borrowing requirement of the federal government and other public authorities. Last year's total public authority deficit amounted to 58 billion marks, and a recent economic review by Commerzbank predicted a deficit in 1981 of between 65 billion and 70 billion marks.

The government will have to offer attractive yields on paper if it wants to finance this deficit and this should make for another year of fluctuating interest rates on the German market.

Banking: Doubts On New Networks

(Continued from Page 9S)

acknowledged it may have gotten in the market too late. But staying in Luxembourg is still mandatory, even if the business did not turn out to be a source of manifold profits.

LB Rheinland-Pfalz is only a medium-sized bank. "We do not have the ambition to become a major international bank," Mr. Simon said. "But we do need access to the Euromarkets."

The bank faced the question of London or Luxembourg and settled on the latter because it borders the German state of Rheinland-Pfalz. The margins may be narrow, but Luxembourg is still the cheapest place to be.

Although the big commercial banks still need to be everywhere, the heady days of expansion are over.

At Deutsche Bank AG, only small additions to the network are under consideration. Wilfried Guth, joint spokesman of the management board, said expansion plans see a few additional branches in the United States as changes in the banking laws allow. At present, the bank has only one branch in New York and a stake in European American Bank.

Deutsche Bank also will try to

set up a branch in Canada once the enabling legislation is put into force.

But on the question of joining any "international banking facility" the bank is more reserved. European American plans to take part but Deutsche Bank itself will wait and see. "We will have to study it first. One day I imagine we would want to be there," said Mr. Guth.

Like Deutsche Commerzbank sees any such free-trade zone for banking in New York as a complement to London and Luxembourg rather than competition. "I don't think we would change anything in New York," Commerzbank management board member Engelbert Dicken said.

Nor do the banks envisage moves any time soon to build up their presence in the Middle East. Bahrain's growing role as a banking center requires some form of representation but neither Deutsche nor Commerzbank is planning to set up a full branch or subsidiary.

"The Middle East is a place that requires real personal contact, and that costs management capacity," Mr. Guth said. High-level personnel are often more easily sent from the Frankfurt head office.

"I like Lufthansa."

This is an authentic passenger statement.



Lufthansa
German Airlines



1980 Proved a Disappointing Year for the West German Stock Market

FRANKFURT — For investors on the West German stock markets, 1980 was a disappointing year. While several other international equity markets were achieving record highs, West Germany lagged sadly behind and ended the year marginally below its 1979 level.

For foreign investors the year was all the more disappointing because of the steep decline in the value of the Deutsche mark against the dollar, the pound and several currencies in the European

Sentiment was growing in support of the United States, and a "Reagan euphoria" reigned after the presidential inauguration Jan. 20.

Relative Stability

Since then, however, the stock market has remained relatively stable, despite surging interest rates in Germany and an almost total collapse of the domestic bond market.

Analysts here are divided in their opinions of what this year holds for share prices, but most are surprisingly optimistic. They maintain that as long as the current period of high interest rates does not last too long, a certain amount of resilience can return to this weakened market.

It was high interest rates last year that were partially responsible for the market's sluggish performance, the analysts say. They point out that shares tended to follow the fortunes of the bond market.

In 1980, the Bundesbank, West Germany's central bank, started to pursue a policy of record high interest rates to attract capital to Germany and finance the country's large current-account deficit.

Record Lending Rates

In late April last year the Bundesbank pushed up its principal lending rates to record highs, but in the period between late spring and summer the market improved as operators believed the Bundesbank would be forced to take account of the weakening economy and relieve some of the squeeze on liquidity.

But by August it was clear the Bundesbank's hands were tied. Despite protestations that it would gladly lower rates if possible, the specter of soaring prime rates in the United States made the exodus of funds from Germany all the more tangible: the Bundesbank stuck to its guns and the share market began to fall.

High interest rates were particularly daunting for the investment-oriented industrial sectors. At a time of international recession, demand — both domestic and from abroad — was falling, stockpiles were rising and the cost of financing

20 Leading Import Partners CIF

RANK IN 1980	1979		1980	
	DM BILLIONS	IN %	DM BILLIONS	IN %
1. Netherlands (1)	35.841	12.3	39.130	11.5
2. France (2)	33.195	11.4	34.591	10.7
3. Italy (3)	25.804	8.8	27.084	7.9
4. United States (5)	20.274	6.9	25.698	7.5
5. Belgium-Luxembourg (4)	23.402	8.0	24.469	7.2
6. Britain (6)	17.216	5.9	22.867	6.7
7. Switzerland (7)	10.637	3.6	12.136	3.6
8. Japan (9)	7.912	2.7	10.434	3.1
9. Saudi Arabia (16)	4.300	1.5	9.907	2.9
10. Austria (8)	8.404	2.9	9.826	2.9
11. Libya (12)	5.541	1.9	7.866	2.3
12. Norway (13)	5.332	1.8	7.737	2.3
13. Soviet Union (10)	7.381	2.5	7.411	2.2
14. Sweden (17)	6.153	2.1	7.224	2.1
15. Denmark (14)	4.461	1.6	5.739	1.7
16. Nigeria (15)	4.354	1.5	5.510	1.6
17. Spain (18)	3.840	1.3	4.412	1.3
18. Algeria	3.071	1.1	4.148	1.2
19. Canada (20)	3.104	1.1	3.610	1.1
20. Iran (17)	4.225	1.4	3.382	1.0
TOTALS	234.447	80.3	275.183	80.7

Figures in parentheses show rank in 1979.

Source: Frankfurter Allgemeine Zeitung

20 Leading Export Partners FOB

RANK IN 1980	1979		1980	
	DM BILLIONS	IN %	DM BILLIONS	IN %
1. France (1)	39.992	12.7	46.615	13.
2. Netherlands (2)	31.298	10.0	33.275	9.
3. Italy (4)	24.534	7.8	29.735	8.
4. United States (5)	26.754	8.5	27.483	7.
5. Britain (5)	21.034	6.7	22.917	6.
6. United States (6)	20.759	6.6	21.476	6.
7. Switzerland (7)	16.298	5.2	20.008	5.
8. Austria (7)	16.461	5.2	19.258	5.
9. Sweden (9)	9.119	2.9	10.127	2.
10. Soviet Union (11)	6.624	2.1	7.943	2.
11. Denmark (10)	6.837	2.2	6.668	1.
12. Yugoslavia (12)	5.798	1.8	5.193	1.
13. Spain (13)	4.458	1.4	5.069	1.
14. South Africa (18)	3.137	1.0	4.595	1.
15. Saudi Arabia (14)	4.410	1.4	4.277	1.
TOTALS	253.429	80.6	283.231	80.

Figures in parentheses show rank in 1979.

Source: Frankfurter Allgemeine Zeitung

For foreign investors the year was all the more disappointing because of the steep decline in the value of the Deutsche mark against the dollar, the pound and several currencies in the European Monetary System, which subjected investments to foreign-exchange losses.

Monetary System, which subjected investments to foreign-exchange losses.

At the beginning of this year the Commerzbank index of 60 leading shares dipped to its lowest level in four years. It declined in tune with other forms of DM-denominated investment, and especially the Deutsche mark itself.

This was particularly true for Commerzbank, Germany's third largest bank, which suffered from moves made in the late '70s to increase its competitiveness and widen the scope of credits it granted.

The end result was that its profits were squeezed under the pressure of a portfolio crammed with long-term and, by prevailing standards, very cheap credits. Late last year there was already speculation the bank would not be able to pay a dividend for 1980 business, and the share price plummeted.

Dresdner Bank hardly fared better, and it too has now announced it will cut its dividend payout from nine to six marks.

Chemical Firms Suffer

Major chemical companies suffered last year from a lack of international demand, although for BASF AG, the worst performer of

Germany's "Big Three" chemical concerns, a decline in oil prices last summer also hit earnings.

BASF is heavily involved in oil refining, so the fall in spot prices and general uncertainty about the direction of crude prices struck the company particularly hard.

It is the only company in the sector likely to announce a dividend cut, probably from eight to seven DM, bringing it in line with the other two large chemical firms, Bayer AG and Hoechst AG.

Steel and Auto Rivalry Hit

The engineering sector had a comparatively good year, but only, analysts say, because of the traditional time lag in this sphere between incoming orders and production. Orders were declining toward the end of the year, and while the industry enjoyed a production rise of 5 percent in 1980, industry sources suggest an output decline of as much as 4 percent in 1981.

The outcome of the spring wage round is particularly important for

developments in this sector, and signs of a serious conflict between employees and management emerged during the negotiations.

In line with other countries, the German steel and auto sectors were badly hit last year. The steel industry was dogged by falling demand, ruinously competitive price struggles and EEC crisis measures to reduce production quotas.

The car market was hitting itself to higher oil prices. The demand for smaller cars grew, leaving middle- to large-range vehicles standing in factory yards, and resulting in the introduction of short-time work in many sectors of the industry.

However, average share prices in the sector managed a slight rise over the year, aided by foreign confidence in the traditional stability and diversification of German automakers. Against the backdrop of declining private car demand, commercial goods vehicle production managed to maintain its healthy share of the market.

Analysts do not expect any spectacular upsurge in market prices, but note there is already cautious

buying interest at these low levels.

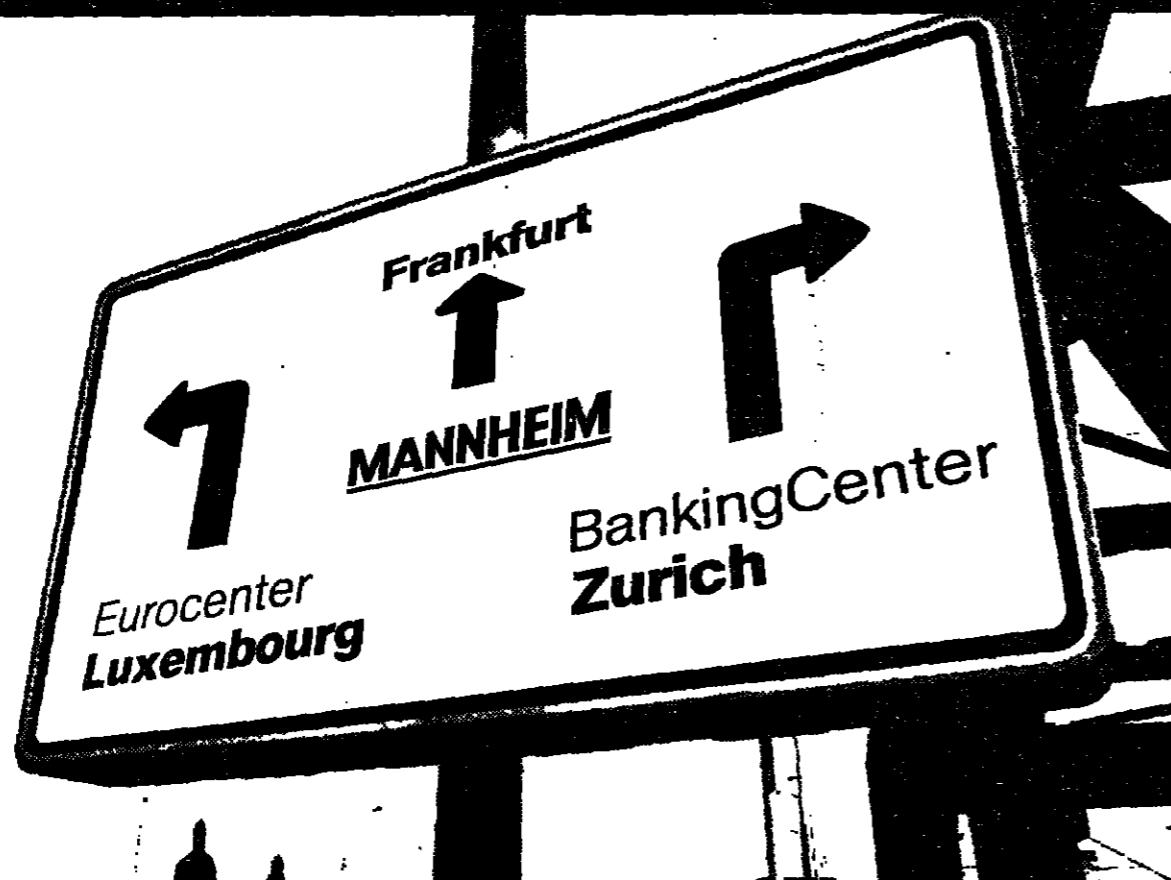
Clearly, problems that last year have not disappeared. Germany will still report substantial current-account deficits in 1981, and the Bundesbank is obliged to maintain its high interest rate policy well into the year.

But there are signs from the Atlantic that interest rates are slowly declining, will at least give the Bundesbank little more maneuverability. Setting its own credit policies, the authorities believe inflation will remain compa-

to the rest of the world in a result of the Deutsche mark and its benefits for those foreign investors who should, according to investors, be tricking back into the market in the near future.

As one investment analyst: "The time is now technical for a certain amount of buying. The market is still at the slightest demand will price quickly. This will

We work hard for your business...



...in financing international trade too.

Hard work is second nature to Badische Kommunale Landesbank, one of Southwest Germany's leading banks.

BAKOLA has succeeded in establishing its international representation not on size and location, but on a combination of innovative banking skills, exceptional flexibility, and a determination to earn and retain client confidence through reliable individual service.

With total assets of more than DM 20 billion and the authority to issue its own bearer bonds, BAKOLA is big enough to satisfy most international financial needs, yet compact enough to act quickly and flexibly to keep pace with rapidly changing client requirements.

For example, in financing international trade. From our headquarters in Mannheim, we offer short to long-term, fixed-rate DM loans and buyers' and sellers' credits as well as payments and collections, letters of credit, discounting of foreign bills, foreign exchange hedging, and other facilities.

Our wholly-owned subsidiary in Luxembourg — Badische Kommunale Landesbank International S.A. — specializes in managing and participating in syndicated Eurobonds, as well as money market and foreign exchange dealing, and Eurobond trading.

Forfaiterung und Finanz AG (FFZ) in Zurich concentrates on non-foreign export financing (à forfait), short and medium-term trade financing, and other specialized services.

For international clients with special investment needs, our wholly-owned subsidiary Badische Kommunale Landesbank (Switzerland) Ltd. in Zurich, offers investment counselling, portfolio management, and trustee services, and deals in currencies, precious metals and securities.

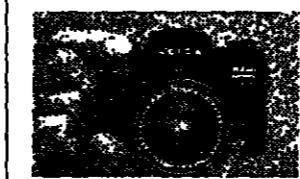
For a banking partner that understands the nuances of international financing and stakes its reputation on dependable service, just contact Badische Kommunale Landesbank.

**BADISCHE
KOMMUNALE LANDES BANK
GIROZENTRALE**

Augusta Anlage 33 · D-6800 Mannheim (West Germany) · Tel.: (0621) 4581

The new LEICA. At last, a camera that does

everything the easy way. Most SLR cameras that do everything are difficult to work. For instance, they make a complicated task



A sample movement of the forefinger in the new LEICA is set at the program you want.



Another movement, just as simple, releases the new LEICA.

taking a simple holiday snapshot.

But now Leitz bring you the R4. It is a camera so simple to use that we

are sure it is going to set the pace for years to come. With the new R4, the multi-

automatic facility controls either the shutter speed or the aperture — both at the same time which is ideal for quick snaps. Then, for more skilled photography, it can be operated manually.

So, with the right programme, you can take a wide variety of shots — all with the same camera. Beautiful landscapes, cloudy days, backlit portraits, panoramic views. And of course, you can experiment how you like.

Whatever you shoot, the R4 puts you in control. Like all SLR cameras, you see exactly what you are taking through the viewfinder. You see all the control settings, so when you press the button you know exactly what sort of picture you are going to get.

For the first time you will be able to control everything you do. You will find it hard to buy another camera that offers you so much, so simply.

The R4 comes with the

famous LEICA-R-lens system, of course.

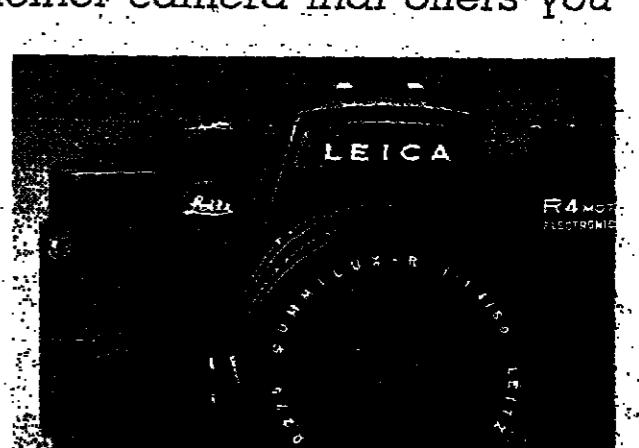
And although "a camera

that does everything the easy way" might seem to be a rather bold statement for (a customarily

reserved company like) Leitz to be making, we believe it is true.

If you want to compare the

new LEICA R4 with other cameras, then your local dealer will be happy to give you further information. Alternatively, write to the Leitz Information Service P.O. Box 2020, D-6330 Weilburg.



Leitz Means Precision. Worldwide.



Berlin: A City Of Opportunity

ROL G. RAMPRECHT
International Herald Tribune

N — West Berlin is a city few people understand. It's a cultural center, or a flash-point for East-West tension. It's a fact that in Germany, its GNP is DM 50 billion, while its fiscal size is equal to that of Francisco, Boston and Paris combined.

Over two years ago the city decided that the time had come to publicize this industrial center. They established a Economic Development Board brought in a former head of the Ford Motor Co., Robert Layton, to the corporation. The corporation has been investing through a series of incentives that feature rebates of value-added equivalent to some 10 percent. The development corporation had induced about 50 firms with \$180 million in total, representing 2,000 new settle in the city. Most of these average-sized firms are moving to the old capital, leaving such other firms as AEG, Telefunken, Daimler-Benz and IFA.

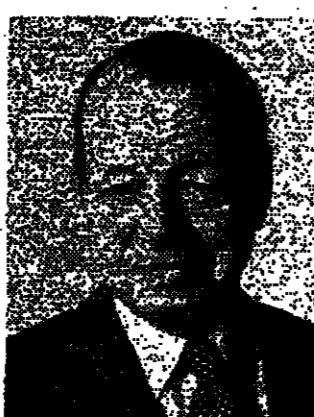
Moving to Berlin

In interview in his Berlin office, the 57-year-old Mr. Layton is also commissioner of economic development of the Berlin. He said that a number of U.S. firms are contemplating a move to Berlin, but do not go into details because negotiations had reached an early stage.

Over 40,000 residents of work for U.S.-affiliated such as IBM, ITT, AT&T, and Philip Morris. In 1980 Ford decided to set up a \$76 million component plant in Berlin, creating 700 jobs.

With the VAT rebate, development corporation's incentives include as much percent financing at 4 percent interest, 30 percent personal income tax rates, state taxes that are a major incentive below those in West Germany, and a 75 percent write-off of depreciable capital during the first year, or at least within the first five years.

Discussions with foreign vassals Mr. Layton faces Berlin's special geographical position as an island



Robert Layton

within East Germany. But he emphasizes that it is an island with numerous causeways. There hasn't been a single holdup on traffic or the movement of merchandise since the so-called four-power agreement (between the U.S., Britain, France and the Soviet Union) was adopted ten years ago. The agreement provides that on certain routes merchandise and people can move without control or inspection. There is also an impressive new autobahn to be opened between Berlin and Hamburg next year.

Although the city would not be suitable for an automobile assembly plant, its 8,000 acres of industrially suitable land could readily handle medium-sized industries, electronics, pharmaceuticals, light metals, and research and development institutes. According to Mr. Layton, the development corporation plans to add about 2,000 jobs to the industrial work force of 180,000 within the next six years by settlements of new industries.

The newcomers will benefit not only from Berlin's six daily newspapers and six TV stations, but also from the city's ultra-modern new convention center. Some 40 important trade fairs are held annually, including the International Radio and Television Exhibition, the "Partners for Progress" import fair for products from Third World countries, and the "Tourism Exchange," an international conference and exhibit for the travel and resort industry.

Thirty specialists accountants and business analysts are on the staff of the development corporation, with the sole task of showing interested businesses how such conventions and other Berlin facilities can influence their cash-flow and marketing opportunities. These studies are strictly confidential, and provided free of charge.

Commerzbank Moves Quickly to Overcome Troubles

FRANKFURT — Commerzbank AG has set an inevitable record: It is the first major commercial bank in West Germany to announce it is passing a dividend. For some months the signs were clear that West Germany's third-largest privately owned bank would not be able to maintain the DM 8.50 it paid on 1979 trading.

But the announcement in January that trading figures left no room for any pay-out came as a blow to the entire banking sector. Commerzbank's shares crashed from a high of DM 187 (per DM 50 nominal) last year to a low of 127.20, and stand now around 130.

Ironically, with divestment of banks' interests in industry a major topic of conversation in West German financial circles, Commerzbank has been forced into the market to sell its interests in Kaufhof AG, one of Germany's leading department stores, to raise much-needed cash.

But Commerzbank, which also lays claim to being the world's 15th-largest private bank, is not letting the grass grow under its feet. With chairman of the board Robert Dhom laid low by ill health at the time he is most needed, the bank's directors drafted Paul Lichtenberg from the supervisory

board until a successor for Dhom could be found.

That successor will be Walter Seipp, deputy managing board chairman of Westdeutsche Landesbank Girozentrale.

Shift in Command

It is too soon to say what changes Seipp will make, since he will not assume his duties until early April. Initially he will be a member of the board and will take over from Lichtenberg on May 7, the day after Commerzbank's shareholders' meeting, assuming the title of chairman of the managing board. On the same day Lichtenberg will return to the

chairmanship of the supervisory board.

Seipp, 55, a banker for 30 years, spent 23 years — 1951 to 1974 — at Deutsche Bank before moving to Düsseldorf and West LB. He should not have to look too hard to find out what went wrong at Commerzbank.

Observers of the West German banking scene are pretty well agreed about the mistakes the bank made. For all German banks an era of breathtaking expansion has come to an end. For the economy as a whole this is a watershed after the years of the "Economic Miracle". Commerzbank was

slower to adapt than many of its competitors.

The record of its growth is impressive:

Observers feel Seipp will call a halt to Commerzbank's expansion for the time being, and try to bring about a period of consolidation, restoring trust in the bank.

At a press conference in January, Lichtenberg said he hoped the bank would be able to pay a dividend to its shareholders on 1981 trading. He pointed out that the bank would use income from its recent sale of shareholdings to build up its reserves, and shareholders would therefore be employed.

Lichtenberg attempted to throw a ray of light on the bank's prospects by stating that business had picked up in the last two months of 1980, when the surplus on interest earnings ran at more than DM 90 million a month compared with an average of only DM 77 million in the first ten months of the year, although margins remain narrow.

This in conjunction with the earnings on commission would be enough to enable the bank to cover current costs, Lichtenberg said, and would give it a better starting point for 1981, but there will be

virtually no expansion of the balance sheet this year.

Lichtenberg, who had been at the helm for about 20 years when he joined the supervisory board four years ago, said the bank's difficulties had arisen from its heavy involvement in fixed-interest-rate credits to the public and private sectors in recent years.

It has been a classic case of lending long and borrowing short. Commerzbank was not alone last year in thinking interest rates would decline. For some time in the summer, when U.S. rates eased, the prospects looked good. But the renewed upturn in autumn was the last straw.

Commerzbank had to take excessive recourse to the West German money markets, where costs were (and still are) extremely high, borne aloft on record discount and Lombard rates. For many months West Germany has had an inverse yield curve on its capital markets, so the short-term funds Commerzbank required proved very expensive, as Lichtenberg pointed out.

The bank will attempt to attract savings deposits to make itself less

(Continued on Page 155)

Kaske of Siemens: Unruffled Captain on a Stormy Sea

MUNICH — The appointment of Karlheinz Kaske to succeed Bernhard Plettner as head of the Siemens management board surprised some observers. He had been a member of the board for only six years and head of a division — energy systems — for only four.

But when Mr. Kaske rose to deputy chairman last year to understudy Mr. Plettner, the message began to sink in: The world's fifth-largest electrical and electronics group (in terms of sales) would be led by this Essen-born physicist who made his name primarily in the areas of energy and systems automation — a complete turnaround from his salesman predecessor.

The report also complains about the threatening shortage of engineers and other technically qualified personnel which comprises 14 percent of the group's 344,000 employees.

Here Mr. Kaske is far more optimistic than the report implies. "The largest and least flexible capital investment for any enterprise is in manpower," he says with some feeling.

Mr. Kaske seems unconcerned about finding and developing a new generation of engineers, physicists and technicians. He acknowledges that young people no longer dream of being great inventors or innovators, but believes there is still a great reservoir of "technologically motivated" people. "The ones we're after are those who do not worry about temporary economic trends. There are still a few thousand of these young people around; finding them should give us no major problems."

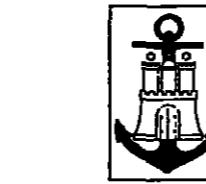
Although Siemens stands far ahead of its domestic rivals overall, it faces vigorous competition in several product areas and in the international markets. IBM's continuing supremacy in computers and data-processing in the international as well as the West German domestic market is a good example and so is the fierce competition in the new telephone switching systems.

Another potential area for competition is heat pumps, only 25,000 of which are installed at present

but whose use is expected to increase ten times over in the next four years and perhaps 100-fold by the end of the century.

Mr. Kaske predicts a very big future for this energy- and oil-saving device in the home and office, particularly as prices fall with volume production and light fuel oil

(Continued on Page 155)



Portex '81

and Congress with Forum and Seminars

International Port Exhibition HAMBURG May 26-30

Solving the problems for the ports of today
Planning the future for the ports of tomorrow

- Port management, administration and services
- Planning and construction of ports, harbours
- Port equipment and techniques
- Port traffic and transport systems

Exhibitors from 19 countries

Information: Hamburg Messe und Congress GmbH, Postfach 30 23 60, D-2000 Hamburg 36, Tel: 040/35 69-1, Telex: 212 609

ADVERTISEMENT

Mature Technology through constant Research and Development

More than 50,000 machines and over 10,000 plants around the world bear the name KRANTZ

If we speak of machines in the textile industry and installations in the field of air and heating engineering, there is no getting around mentioning H. Krantz GmbH (private limited company) & Co. of Aachen. With all it has achieved, Krantz ranks among the leading suppliers in these sectors. Its success, which is also reflected in high export figures, is based on technology matured through constant research and development, a well-balanced programme and exacting project management.

The enterprise H. Krantz GmbH & Co. was

founded in 1882 by Hermann Krantz, engineer, and was at that time engaged in Aachen, the stronghold in the field of textiles, solely in the construction of textile machinery: machines and plants used in textile processing, e.g. for dyeing, bleaching, drying and finishing, etc.

Above all, the Krantz tenter, a piece of equipment used in heat treatment on materials, became well-known. With these products, with which Krantz has earned a reputation worldwide, the firm ranks today among the world's leading suppliers in this field. Krantz

America Inc. in Charlotte, U.S.A., the subsidiary company, makes an important contribution.

Air and heating engineering

H. Krantz had already realized at an early stage that his work could not depend solely on the textile industry. This led to the heating engineering branch only a decade after the foundation of the firm. The experience and knowledge which had been acquired made it possible to adapt Krantz systems to industrial demands in an optimal way.

Thus, Krantz high-temperature water heating was introduced as early on as the 1920's. Today Krantz is considered one of the major suppliers of heating engineering plants in the high and low pressure field.

Systematic expansion

The heating programme was extended a few years later with the introduction of air humidifying and conditioning plants.

The range of products offered by Krantz, therefore, soon extended noticeably to other industrial branches: thus, for example, the chemical fibres industry and the chemical industry generally, the food and luxury food sector as well as the paper manufacturing and electronic industries. The expansion into the so-called comfort sector (administrative buildings, theatres, hospitals, etc.) brought about a systematic extension of the scope of services offered by the Aachen firm.



Krantz started out with textile machinery. A highly modern tenter, which is suitable for drying, fixing and other forms of heat treatment on cloth.

Pioneer work

Krantz also undertook similar pioneer work, however, to provide for safety in several fields of nuclear technology and for economy in air-conditioning systems by introducing the principle of air distribution "from bottom to top".

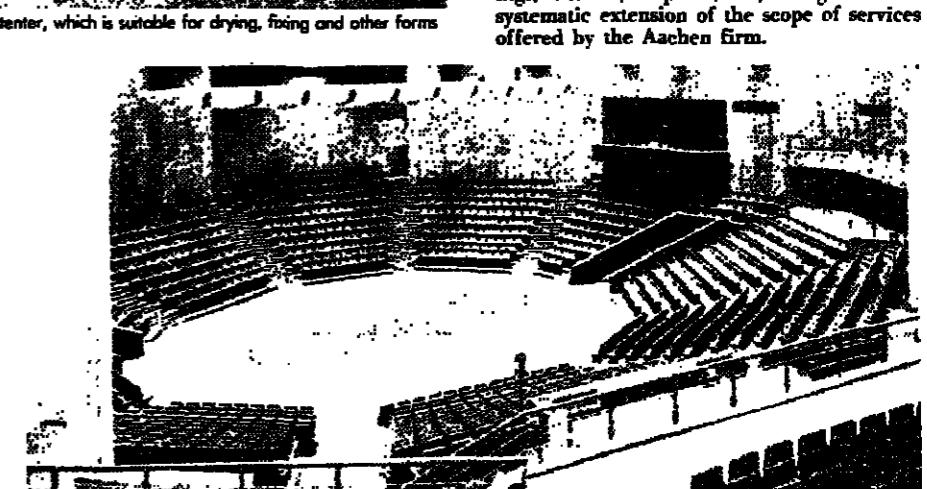
Even though the plants have reached a highly technical standard in the meantime, Krantz is still constantly pursuing the development of new techniques and the improvement of existing systems. Maintaining close contact with users, competitive products which will meet future requirements are being sought. In the industry our R&D enjoys an excellent reputation.

Optimal solutions

Summing up, we can say: Krantz offers an extensive and well-balanced range of products, technical experience, constant research and development as well as modern management, and in this way guarantees the optimal answer to its customers' problems.

For the future the Krantz Group is aiming at a further extension of its range of products. Accelerated development of new textile machinery technology will get top priority. Mechanical contracting services will be extended beyond the traditional heating ventilation and air-conditioning installations.

Well over 50,000 machines and 10,000 plants around the world bear the name KRANTZ and are operating accurately and reliably. In the 1970's alone the Aachen firm supplied some DM 1.5 billion worth of plants.



The air in this lecture hall is distributed through the backrests so that a pleasant climate is created in the listeners' zone.



H. Krantz GmbH (private limited company) & Co., Textile Machinery P.O. Box 830, 5100 Aachen, West Germany, Tel. 0241/441-1

Associated company: Krantz America, Inc. Charlotte, N.C. USA

H. Krantz GmbH (private limited company) & Co., HVAC Mechanical Contractors P.O. Box 2040, 5100 Aachen, West Germany Tel. 0241/434-1

Branches: 1000 Berlin, 6000 Frankfurt, 2000 Hamburg, 3000 Hanover, 8000 Munich, 7000 Stuttgart

Why you should consult the bank that placed 100 dots on the map of the Netherlands.

Rabobank Nederland* leads a co-operative banking organisation with 3100 offices in the Netherlands 41,000 square kilometres. On-the-spot services therefore are available in every part of the country.

Rabobank is the largest provider of credit to the Dutch agricultural sector, and plays a key role in agribusiness finance.

Both importers and exporters are served by the bank's up-to-date knowledge and expertise in international trade finance.

Rabobank Nederland is also active in the Eurocurrency and Eurobond markets, foreign exchange, Eurocredits and new issues.

Rabobank Nederland is a member of the Unico Banking Group, in which 6 major European co-operative banks work together.

As a group, these banks have total assets of some US \$ 400 billion and 36,000 offices.



Amsterdam (1640). Tevels Museum, Haarlem

Rembrandt country is Rabobank country.

The country which inspired Rembrandt's internationally acclaimed masterpieces has inspired the Rabobank to create services of worldwide importance.

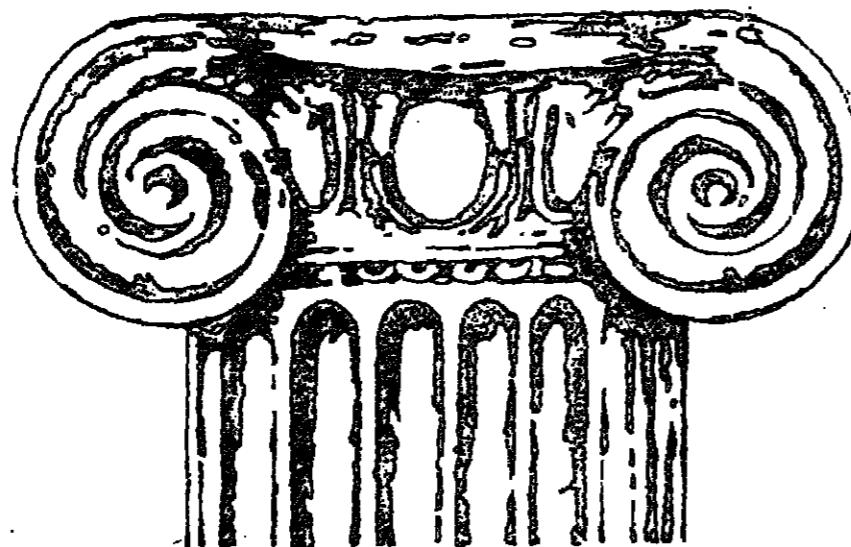
Rabobank Nederland, International Division, Catharijnesingel 30, 3511 GB Utrecht, the Netherlands. Telex 40200.

Representative Office Frankfurt, Friedrich-Ebert-Anlage 2-14, D-6000 Frankfurt am Main 1, West Germany. Telex 413873.



Rembrandt country is Rabobank country.

ASSETS:\$13.5 BILLION*



A Pillar of the Greek Economy

The National Bank of Greece is the largest banking institution in the Southern Mediterranean. It ranks among the fifty biggest Banks in the EEC. It controls a group of 25 companies - in banking, insurance, industry and tourism - which are among the largest and most profitable in the land.

The National Bank itself has 370 branches in Greece and 27 branches and offices abroad. It also controls 4 banking institutions abroad (with 15 branches) and 5 banking institutions at home. In 1979, deposits reached \$10 billions and almost 60% of banking transactions in Greece were conducted by the National Bank of Greece.

Doing business in Greece means doing business with the National Bank of Greece.

* 1979 - consolidated figures



NATIONAL BANK OF GREECE

140 years of banking tradition

125 Be with it - win with it!
Play the big game of
MILLION

The largest lottery of this type in Europe gives you an attractive opportunity to win.

Never before were your chances so good to win a Million.

Only 400 000 tickets to sell - no more.

200 485 of these are guaranteed to win

Every second ticket yields a prize.

Total amount of money to be won: 125, 13 Million DM.

5 Jackpots of 1 MILLION each.

1 Super-Jackpot of 1,5 MILLION DM.

German "Klassenlotterie" were established some 350 years ago.

For more than 30 years, the "Süddeutsche" is making lucky winners out of people like you.

There are more winners every year. This is not the type of lottery to raise money for public projects or charity. The major part of the prize is returned to the "Deutsche Mark" is one of the most stable currencies in the world.

Please complete the coupon in print or typing, cut it out along the dotted line and mail it to: W. GREGOR, Postfach 1190 20, D-6000 Frankfurt/M., making it "AIR MAIL" if required.

YES I want to be with it and am ordering:

for the next SÜDDENSCHE KLASSENLOTTERIE (starting May 16 and closing November 7, 1981)

GREGOR FRANKFURT

STATE ACCREDITED LOTTERY OFFICE

Röderstraße 24, Postfach 1190 20
D-6000 Frankfurt/M (W-Germany)
Telex 04 189 125 daw

Payments received in currencies other than US\$, DM or £ will be credited to your account in accordance to the exchange rate of the day. The prices quoted are covering the ticket for one complete cycle comprising all six classes, and the additional fee is a one-time expenditure, too.

Make all checks and orders out to: W. GREGOR, Postfach 1190 20, D-6000 Frankfurt/M.

I enclose my check / or DM / US\$ / £
 I will make payment immediately after receipt of ticket(s) and your invoice

Send information in German English French Spanish

Mr. _____

Mrs. _____

Miss. _____

Street address for P.O. Box No. _____

City (postal code) No. _____

Country _____

Print only where applicable
HT 4/81
Please print or type all entries

One time additional fee for winning lists, postage bank charges, and handling'

DM 24 - US \$ 14 - £ 7 - Add to the above)

دعاة العزم



More Than the Nation's Trade Union Bank

By Barry Dale

FRANKFURT — Bank für Gemeinwirtschaft (BIG) is known as West Germany's trade union bank, but this should not detract from the fact that it is a big, independent universal finance house offering a full range of banking facilities under one roof.

The roof is in fact 36 stories above Frankfurt's Theaterplatz, overlooking the compact financial heart of Frankfurt with a splendid view of the River Main, the sprawling city and the Taunus hills in the background. It was the tallest bank skyscraper until Dresdner Bank inched a little higher last year.

BIG's interests spread far beyond Frankfurt and West Germany, with offices in Europe, America and the Far East and plans for further foreign expansion. Board member Ralph Krueger talked about foreign interests and aspirations in his office on the 34th floor.

BIG boasts not one but two major interests in Germany's favorite offshore banking haunt, Luxembourg. Apart from BIG Luxembourg SA, it has a controlling interest in Banque de l'Union des Coopératives Luxembourgeoise SA. Mr. Krueger said UCL was originally the bank of two Luxembourg trade unions which now hold 12.5 percent of the equity, with BIG having acquired 37.5 percent. But UCL with its eight branches and staff of 80 in the Grand Duchy, concentrates mostly on local business and retail banks.

Capital Raise Is Foreseen

International business and Euromarket operations are the specialty of BIG Lux, founded in 1973. The bank has a basic capital of 124 million Deutsche marks and total capitalization of nearly DM100 million. A capital raise of DM100 is planned.

BIG Lux has a staff of 40, and its balance sheet total is approximately DM8.5 billion. Mr. Krueger said the Luxembourg subsidiary is expanding, and the capital increase is a provision for this growth, but he stressed this expansion will not be as rapid as in the past.

Like many other bankers in Frankfurt and Luxembourg, Mr. Krueger believes the consortium credit side must be reined in, and future moves will have to be more cautious. "The debtor structure has changed, and many Third World countries have reached the

limits of reasonable debt risk," he said.

In addition, Mr. Krueger bemoans the tighter margins squeezing Eurocredit markets, with the abundance of liquidity sloshing about. He said he cannot see much improvement in margins in the near future.

But Mr. Krueger is quick to assert that Luxembourg is a center for German banks, adding that remarks by Commerzbank AG seemingly implying that the Grand Duchy's heyday may be over could have been misinterpreted and exaggerated.

First Steps in Consolidation

Furthermore, Bank für Gemeinwirtschaft can afford to turn the other cheek when the controversy arises over consolidation of West German bank accounts to include Luxembourg subsidiaries. It has been consolidating BIG Lux since the 1978 financial year, and Mr. Krueger believes it is the first bank to have taken this step. UCL is included in its consolidated accounts, as is Internationale Cenosen-schaftsbank AG, Basle, Switzerland, in which BIG took a controlling share in February, 1979.

BIG was quick to realize the importance of having offices in important foreign centers. Mr. Krueger says it moved into Luxembourg before the main rush of German banks to grab a slice of the Euro-action, and was well established in London relatively early. The London branch opened in early 1973, concentrating on the Euromarkets, business with German clients in Britain and local transactions in sterling in conjunction with British industry and government agencies.

BIG has a deposit-taking company in Hong Kong, and is hoping to convert this operation into a full branch office as soon as local authorities give the green light. The Far East is an area that can be developed, and gaining a foothold in Singapore is among top-priority projects for the next three years, Mr. Krueger said.

BIG has a 50-percent holding in Israel Continental Bank along with Bank Hapoalim, and also holds a half-share in Amsterdam-based Koopmansbank, which is similar to UCL in that it concentrates on local retail business, but which does conduct some international trading.

Other foreign interests include a holding in a Paris-based mortgage bank, a "friendly cooperation" agreement with BIG's counterpart BAWAG in Vienna, and a representative office in São Paulo, Brazil, where BIG has been established for a relatively long time.

"Friendly Cooperation"

But Mr. Krueger's eyes are turned with the greatest enthusiasm in the direction of Spain, which he regards not only as an interesting and bustling domestic market but also as a logical stepping stone from Germany to South America and North Africa. BIG not only maintains strong links with leading Spanish banks, but was head manager of a credit to the City of Madrid last year.

In New York, BIG's branch office is concerned predominantly with deals involving German customers and German companies, but BIG has managed to forge close links with major U.S. companies. It is currently looking more to medium-sized American industrial concerns with a growing in-

terest in corporate finance increasing involvement in credits.

Mr. Krueger said se shop in centers such as Paris and Rome has been of interest to BIG, since this banking business can be conducted equally well from bases in Germany and credit centers such countries are often da

London, however, is a matter, and BIG is very with developments there past eight years, among being listed as a Fully Regulated bank with a broad range of services including sterling business.

Mr. Krueger said BIG's expansion abroad has not on been conducted through a series of completely new units. Instead it has em the need to cover traditional financial centers such as Luxembourg and New York.

All in all, foreign business and essential part of existence, accounting for 10 percent of the bank's over business volume and earnings.

Berlin Mayor Takes Chair As Election Pace Steps Up



Hans-Jochen Vogel

BERLIN — In a move that has been hailed by observers here, Mayor Hans-Jochen Vogel has brought some order back onto this city's political stage.

Mr. Vogel, a former West German Minister of Justice and mayor of Munich, came to Berlin to try and salvage the Social Democratic-Free Democratic coalition after the collapse of the previous city administration.

Among his achievements so far, he has been credited with defusing protests over the city's housing shortage and silencing the militancy of squatters occupying vacant buildings.

The energetic mayor has also been devoting himself to trying to instill a fresh sense of confidence in the 2 million West Berliners which some party officials see as a key factor in his reelection bid.

With elections set for May 10, two years early, Mr. Vogel has little time to lose. So far the 55-year-old politician has won the respect of many with his personal political style of linking firmness and moderation.

A Bavarian by upbringing conviction, Mr. Vogel, younger brother Bernhard member of the CDU of party and Minister Pres Rhineland-Palatinate, was from his cabinet career because the Social Democratic a danger that Berlin's might affect the West German government of Helmut Schmidt.

DGZ
Large-scale finance
for a growing clientele.

Among Germany's internationally active banks, DGZ, Deutsche Girozentrale — Deutsche Kommunalbank —, ranks high on the list.

With a balance sheet total of more than DM 21 billion, unencumbered by the heavy day-to-day demands of a retail branch network, DGZ is ideally equipped for wholesale lending on an international scale.

The Bank's growing corporate and public sector clientele has come to appreciate the financial knowhow and flexibility of DGZ's compact management team. Main financing emphasis is on DM fixed-interest loans, export financing and credits in various currencies.

The Bank's wholly-owned Luxembourg subsidiary, Deutsche Giro-

zentrale International S.A., has built a solid reputation as an active Euromarket partner for money market operations on a global basis, foreign exchange transactions and in the Eurocredit sector.

As a major issuing house in the domestic market, the Bank is also a respected partner for international loan syndication and Eurobond issues.

DGZ is a "banker's bank" within the German Savings Banks Organization in which it is the sole member institute on the federal level.

This position combined with expert liquidity management enables the Bank to play a substantial part in large-scale international financing, wherever it is required.

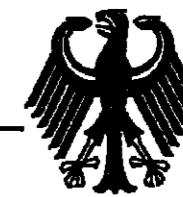


Deutsche Girozentrale
Deutsche Kommunalbank

FRANKFURT

Taunusanlage 10, P.O. Box 2686, 6000 Frankfurt/Main 1
West Germany, Tel. 26 93 1, Telex 04 14163

the "small" team with big resources



Trade Union Growth vs. Profits: Huber Sees No Simple Formulas

By Barry Dale

ICH — Growth, for long watchword at West German business and aggressive intent to become a factor. Throughout the world in finance, profitable business is better than business at any time. The Golden Fleece is seeking. But it's not a Ludwig Huber, president of the Bayerische Landesbank, who points out: "I can't express it in black and white: profits yes, no." Mr. Huber said recently. "The good condimenting is if one only had to do business to make ideal profit banking sector, in particular business — that is to say a business — is often far quality we are seeking." At "Baylaba" — central Bavarian savings and bank of the Free State — is going according to plan. Huber said Baylaba is satisfied with its expansion, a deceleration in 1980 by according to plan. Its balance sheet total, of assets and liabilities, by 11.2 percent to 10.2 billion Deutsche marks after a 10.5 percent increase in 1979, according to provisional statistics of the parent bank.

Huber said Baylaba was unable completely to the problem of finance houses in the last year, among them higher interest rates in the United States and the continuing yield curve in West Germany. He said Baylaba will be able to switch over to more profitable business, as deals are laid at their disposal. There were no competitors. The Landesbank has never run after growth, he said, but pointed out that expansion cannot be completely, since costs to rise.

Huber pointed out that in its other functions Baylaba is an issuer of securities. He said it would be impossible to turn the new issues on and off at bank with Baylaba's standards to be in the marketplace. In 1981 began under a cloud of uncertainty.

For five-year loans the effective interest rate bounded between 8.55 percent and 10.72 percent, while for ten-year credit the margin was 8.42 to 10.67. The market situation is perhaps best reflected by the new government paper *Bundesbilanz*, in which terms had to be revised 24 times following the introduction of the bonds in December 1979.

Mr. Huber pointed to the U.S. prime rate, which shifted 44 times in 1980. "This was a record, and it is to be hoped that it will stand for a long time," he said. Turning to the bank's earnings last year, he said Baylaba did pretty well in a very lean year for banks. "We certainly did not come to grief," he said.

Baylaba will be able to pay a dividend, Mr. Huber said without going into details, and it will be able to add to free reserves. These payments to reserves will probably take the bank's capital resources up to around DM 2 billion, including the increase in basic capital of DM 50 million to DM 700 million at the beginning of this year.

From Lichtenberg comes a message being heard extensively throughout the banking world at present: "The size of the assets does not interest me. Profits are what matter now." But Lichtenberg has indicated that Commerzbank will not go to its sole shareholders for an infusion of new capital this year.

Despite Problems, Arends Looks at Expansion Plans



Ludwig Huber

permanently, and this too has an effect on growth.

Business in 1980 was marked, Mr. Huber said, by lively demand for credits, but Baylaba was not happy with the interest margins. The higher interest rates on interbank, money markets and capital markets were abnormal, and made regular refinancing much more difficult.

Most of the new loans — 78 percent — were long-term, and total credit volume swelled by 11.6 percent to almost DM 38 billion. Public authorities and particularly the Bonn government were regularly at the front of the queue because of their policy of deficit financing.

Interest Rates Bounced

Mr. Huber said the hectic developments in domestic bond market rates caused the bank to alter its conditions for mortgage loans 17 times in 1980, after 13 changes in 1979.

For five-year loans the effective interest rate bounded between 8.55 percent and 10.72 percent, while for ten-year credit the margin was 8.42 to 10.67. The market situation is perhaps best reflected by the new government paper *Bundesbilanz*, in which terms had to be revised 24 times following the introduction of the bonds in December 1979.

According to Mr. Huber, 1981 is no longer subject to the old, accustomed cycles. Mr. Huber said: "It is currently going through a process of adjustment, with energy problems taking a front seat."

Although an economic downturn may no longer take the form of a marked recession, he said: "We cannot expect such sharp upward movements when the economy picks up steam."

Commerzbank

(Continued from Page 13S)

dependent on the interbank money markets. Commission earnings are another area that could boost funds, and precious metals could figure larger in Commerzbank's reckoning. Lichtenberg said, probably casting an envious eye on the handsome business Deutsche Bank and Dresdner Bank have conducted in gold, etc.

From Lichtenberg comes a message being heard extensively throughout the banking world at present: "The size of the assets does not interest me. Profits are what matter now." But Lichtenberg has indicated that Commerzbank will not go to its sole shareholders for an infusion of new capital this year.

— B.D.

MUNICH — For a finance house about to cut its dividend, Bayerische Hypotheken- und Wechsel-Bank AG exudes a great deal of confidence. Managing board spokesman Wilhelm Arends has said there is little chance of maintaining the 1979 payout of 9 Deutsche marks per 50-Dm share on 1980, a year in which Bayernhypo suffered along with other West German banks.

Bayernhypo would prefer to talk about the futuristic administrative center into which 2,500 of its 12,000 staff members will be moving this year or the new representative office just opened in Milan rather than the gloom of 1980 trading figures.

Mr. Arends said that although dividend cuts are something new for West German banks, many branches of German industry have had to trim payments in lean years. He has said that Bayernhypo should not be too harshly criticized if it has to pare a point or two from its dividend percentage.

According to Mr. Arends, 1981 has started better than 1980, with an improvement in interest margins. Developments through the rest of this year will depend largely on general interest rate movements within West Germany and internationally — particularly in the United States.

Eyes on the U.S.

From the point of view of the West German economy, lower interest rates would be desirable. Mr. Arends feels, but the central bank council of the Bundesbank — the West German central bank's policymaking body — has its hands tied at the moment by international developments. All eyes are on the United States, and each half-point cut in U.S. prime rates is good news for West Germany.

Bayerische Hypotheken- und Wechsel-Bank declines to give actual figures for interest margins, unlike some banks, maintaining that there are several ways of calculating them and that no fair comparison can be made.

However, the Bavarian bank, true to its name, has a strong interest in mortgage business to help shelter it from the vagaries of other aspects of banking. Long-term mortgages are a very cost-effective aspect of banking, since personnel costs are low, Mr. Arends ex-

plained. Bayernhypo is the largest private mortgage bank in Germany, with long-term construction loans accounting for about 40 percent of its balance sheet total of 34.88 billion DM, as of last Oct. 31.

Like other banks with a strong interest in mortgage business, Bayernhypo is not being hit by the recession in the West German construction industry. There is still a heavy demand for funds to replace previous debt, to finance improvements to older buildings and to equip them for energy-saving.

Move for Expansion

Bavarian banks, unlike their counterparts in Frankfurt, cannot reach for the skies when they need extra office space. Their centrally located real estate is often protected from modification by city order, preventing expansion, and Bayernhypo's answer has been to move out of town to the Arabella Park, Munich's modern skyscraper center, where its administration block rivals anything the Frankfurt bank have constructed in recent years for adventurous design.

As for foreign expansion, the Milan representative office, opened Feb. 4, will help cope with the important trade with Italy, in which Bavarian financiers specialize. Bayernhypo leads West German banks in trade with Italy.

Bavaria conducts 15 percent of its total foreign trade with Italy; this trade is well-balanced, with imports and exports both at 6 billion DM in 1979. Bayernhypo claims between 20 and 25 percent of the handling of this trade.

Spreading Branches

Deutsche Bank AG and Dresdner Bank AG have already opened branches in Milan, but Bayernhypo has got in ahead of the Bundesbank's wishes. There is a feeling at the bank that this measure was necessary to help West Germany cope with its record balance of payments deficit of about 28 billion DM. Nor is this curb hitting bank business too much, since the dollar sector is considerably more important than the Deutsche mark. But a sizable backlog of interest in West German borrowings is building up, Bayernhypo spokesman said.

The bank is opposed, however, to direct capital export controls. Mr. Arends said that for years West Germany has benefited from the fact that other partner countries were not restrictive, and it cannot now protect itself at the expense of these partners.

Bayerische Vereinsbank Satisfied With 1980 Record



Wilhelm Arends

with subsidiaries of German banks operating in Britain, and it is active in the vibrant Euromarket activity of the British capital.

The Bavarian mortgage bank has said for some time that it is considering moving into Hong Kong, but Mr. Arends said no new branch offices are planned for the near future.

Luxembourg remains an important proposition for Bayernhypo, as for so many German banks. The Munich bank sees it continuing as a growing force, and believes there are no good grounds for shifting its business to other offshore centers. However, Bayernhypo is cautious on Euromarket business. The bank has said it is avoiding uncontrolled expansion, with margins remaining very tight.

On the gentleman's agreement between West German banks and the Bundesbank to reduce capital outflow by severely curtailing lending to nonresidents in Deutsche marks, Dr. Arends said Bayernhypo is simply following the Bundesbank's wishes. There is a feeling at the bank that this measure was necessary to help West Germany cope with its record balance of payments deficit of about 28 billion DM. Nor is this curb hitting bank business too much, since the dollar sector is considerably more important than the Deutsche mark. But a sizable backlog of interest in West German borrowings is building up, Bayernhypo spokesman said.

The bank is opposed, however,

to direct capital export controls. Mr. Arends said that for years West Germany has benefited from the fact that other partner countries were not restrictive, and it cannot now protect itself at the expense of these partners.

— B.D.

MUNICH — While many West German banks will look back on 1980 as a year of unmitigated disaster, Bayerische Vereinsbank, the largest of the Bavarian "Big Three," views the year with satisfaction. Final results for the bank — West Germany's fourth-largest private finance house and the world's 22nd — are not yet out, but Max Hackl, a management board spokesman, said the bank maintained or slightly improved its profitability at the end of the year, after operating improvements to older buildings and to equip them for energy-saving.

Preliminary figures for 1980 show Bayernverein's balance-sheet total rose 9.2 percent to 52.4 billion Deutsche marks, while the group balance sheet topped DM 89 billion last year compared to about DM 83 billion in 1979.

Unprecedented Cuts

And though the final decision on a dividend has not been made, banking sources say that Bayernverein will have no difficulty holding its nine-mark payout on 1980 trading, while some other leading German banks are obliged to make unprecedented cuts.

Asked why Bayernverein has been able to thrive while traditional big banks like Commerzbank AG and Dresdner Bank AG struggle, Mr. Hackl said his bank has been relatively flexible in adjusting to the drastic changes affecting the West German banking world last year.

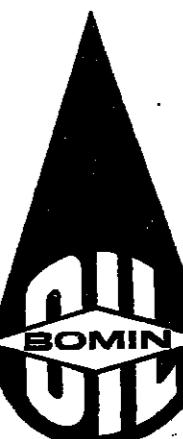
He pointed to the advantage of Bayernverein's high level of customer deposits, an ideal form of refinancing at a time of high interest rates. The Bavarian bank also had a relatively low level of fixed-interest securities on the assets side of its balance sheet, and has thus not been as hard-hit by capital write-downs as many competitors.

Banks that needed to tap the money market most had the highest overheads in 1980, with all money rates firm above 9 percent. Rescue Provisions

One technical factor helping Bayernverein's 1980 accounts was the fact that some provision had been made during 1979 for the bank's part in the AEG-Telefunken AG rescue package, while other banks had to write this fully into 1980 returns, Mr. Hackl said.

Siemens began with electricity, and everything else has grown from it or around it. The message has not been lost on the new chief, who joined the group more than 30 years ago.

— A.H.



The key to success
in business:

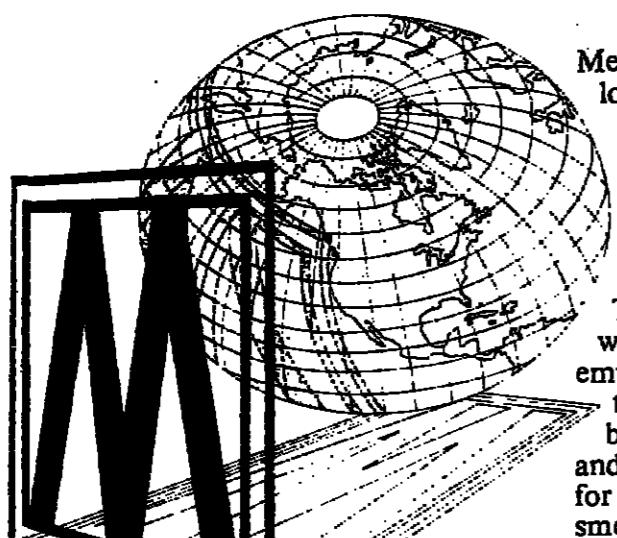
Perfect command
of its instruments

BOMIN BOCHUM GERMANY



PREISEP HANNOVER

1881-1981 Metals and more



Metallgesellschaft was incorporated in 1881 as a joint-stock company to carry on a long-standing Frankfurt metal trading business. In the course of its history Metallgesellschaft continuously expanded its activities by establishing new or acquiring existing plants and by merger with or participation in other companies. Today, the group companies thus formed encompass a widespread organization operating in the fields of basic materials and capital goods as well as engineering and contracting.

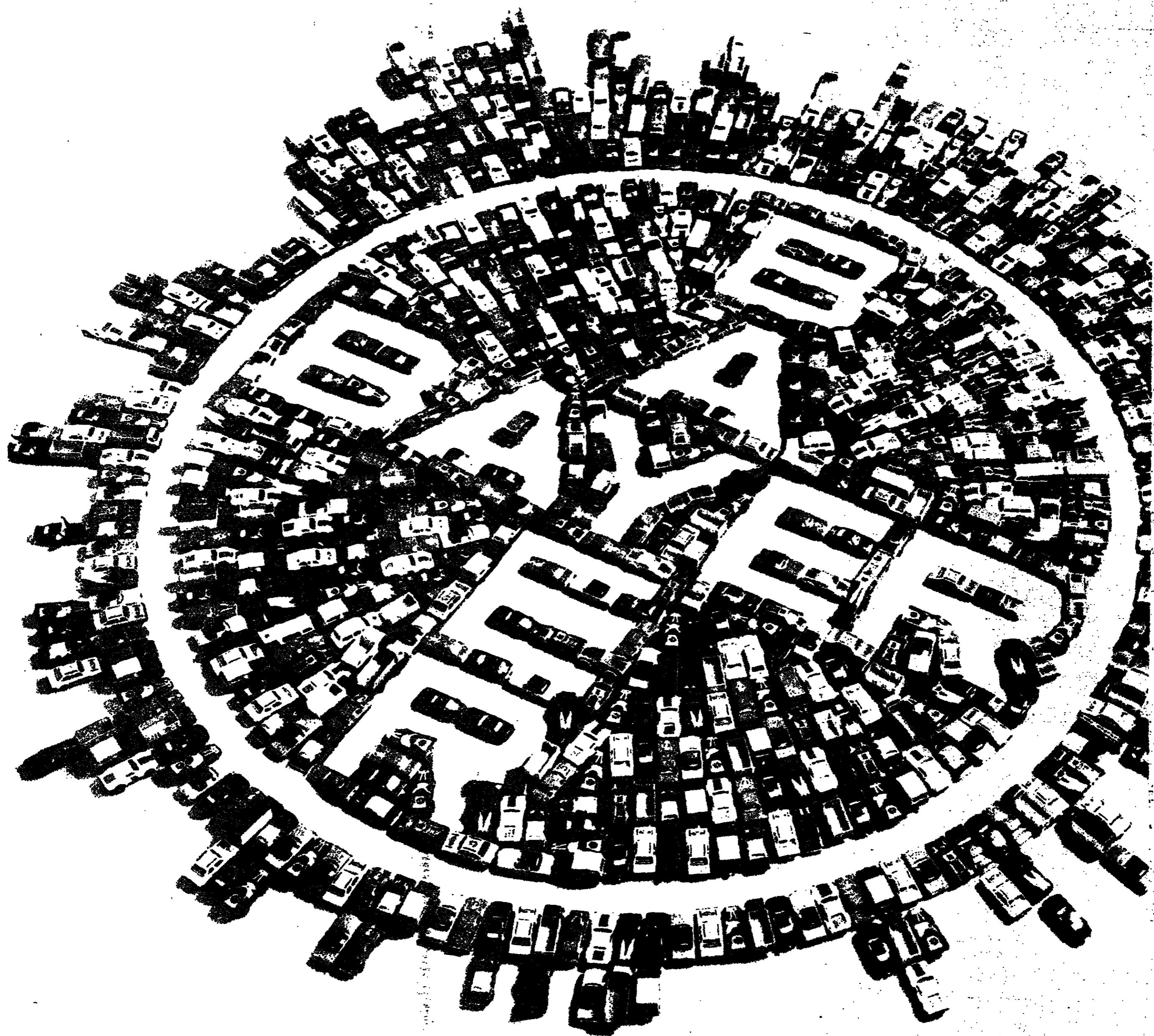
Metallgesellschaft belongs to the important enterprises of the West German industry: with a turnover of DM 10 billion it occupies roughly 20th place. The MG-Group with almost 30,000 employees engages in the exploitation and beneficiation of ores and industrial minerals for supply to its own smelters or chemical plants. Part of the metals produced as well as metals from other sources are processed into semi-finished and finished products in works of the Group. Together with the metal processing goes the manufacture of plastic goods by similar technologies. Metallic components of ores and their sulphur content form a basis for the production of chemicals, especially sulphuric acid, sulphur dioxide, white pigments, fillers, barium, caesium, lithium, and sodium compounds. The trade in raw materials, which was originally restricted to non-ferrous metals and ores, now

Metallgesellschaft AG
Postfach 3724
Reuterweg 14
D-6000 Frankfurt 1

Metallgesellschaft Ltd.
19-21 Great Tower Street
London EC3R 5AQ

Metallgesellschaft Services, Inc.
605 Third Avenue
New York, NY 10158





Driving force

What car were you driving in 1967? That was the year Bayer built the experimental K 67 - 90% of its body weight was made up of synthetic materials.

Today, cars like the Ford RS 2000, Porsche 928, Rover 3500, Triumph TR 7 and many more embody Bayer's forward thinking of so many years ago.

Bayer rubber, polyurethanes, engineering plastics, dyestuffs, textile fibres and pigments can be found in most cars on Europe's roads. (Even the roads, and the lighting which illuminates them, contain

Bayer products!) Bayer materials make for safer and more comfortable cars. By saving weight, they also save precious fuel.

You, the motoring public, are the driving force behind each new advance. We, at Bayer, help to put your needs and demands into practice.

Bayer is a Company whose concern, imagination and dependability have improved the quality of life. Not just on the road, but on the farm, in the home, in hospitals and countless industries.

World-wide, Bayer makes 6,000 products

and spends over DM 1 billion each year on research to see that Man, the driving force behind progress, achieves his aims.

Bayer



Bayer thinks of tomorrow - today

SINESS NEWS BRIEFS

Subsidiary Wins Iraqi Cement Contract

INE — KHD Humboldt Wedag, a wholly owned subsidiary of K-Humboldt-Deutz, has won a 500-million-Deutsche-mark order for a cement plant, KHD said Thursday. The first stages, which is to have an annual capacity of 2 million metric tons, stream in early 1984.

At Muthanna in southwest Iraq will comprise two complete lines each with a daily capacity of 3,200 tons of cement.

KHD spokesman said deliveries for the plant are expected to last immediately.

ada Boosts Bid for MacMillan Bloedel

ATO — Normada Mines said Thursday it had increased its offer of 56 Canadian dollars a share from its 46 Canadian dollars a share.

On Tuesday, British Columbia Resources Investment increased its 2 million MacMillan Bloedel shares to 56 Canadian dollars a

in 46 Canadian dollars.

Expects Growth, Calls '80 Satisfactory

ADEN, West Germany — Linde, the engineering company, in further growth this year after a satisfactory 1980, in which group net profits rose 24 percent to more than 47 million marks, managing board spokesman Hans Meinhardt said at a news conference.

He said that while 1981 is likely to be a difficult year for series production, a good order position in other sectors should ensure growth.

Mr. Meinhardt said he was not prepared to forecast profits for 1981 in the vehicle production and hydraulics sector can be expected; and industrial gases should be stagnant, but low-technology and plant construction are likely to produce higher

sa Reports Successful Year in Metals

KUFURT — Degussa enjoyed a successful financial year through 1980, increasing its net profit by 36 percent to more than 68 Deutsche marks, managing board member Robert Ehr said at a news conference. He said the success was based largely on the sector, with hectic movements in precious metals prices aiding sales.

Over in the metals business rose 69 percent, but this was partly higher prices, while in the chemicals division sales rose only 10 percent. The increase worldwide in chemicals was more recent by value, but volume sales were down, he added.

Managing board chairman Gert Becker said he feels assured that profits this year will be satisfactory, since diversity of operations again protect it from the deteriorating economic climate.

sets Up Section to Serve Robot Systems

YORK — General Electric said Thursday that it has established a new systems business to serve worldwide markets with automation systems, including robots.

GE said it sees the use of robots gaining wide industry as businesses try to improve quality and productivity. GE expects the North American market for robot systems growing to 1990 from \$65 million in 1980.

Says This Fiscal Year Looking Excellent

NOVER, West Germany — This fiscal year is developing as a success for the Sony group despite the negative effects of a strong yen solidated sales. Sony Deutschland's finance manager, Manfred M. said Thursday at the Hannover Fair.

Its net profit in the first quarter of the year that will end in October is 3 percent to \$96.7 million, with foreign and Japanese markets contributing equally to the growth, Mr. Wolfrum said.

Its first-quarter sales increased 17.7 percent to \$1.26 billion the year-ago level, with sales in Japan up 18.7 percent to \$435 million and overseas turnover up 17.1 percent to \$321 million.

w Regime in Argentina values Its Peso by 28%

Edward Schumacher
New York Times Service

ROS ARIES — The Argentinian government, moved day to halt an escalating economic crisis by announcing a policy readjustments, including a 28 percent devaluation of the peso.

measures continue the five-year-old government's basic economic whose goal has been to devalue the peso to operate without subsidies or protection. That policy is to drastically restructure Argentina's state-run econo-

Argentine economy, however, a zero growth rate last year annual inflation rate of 50 in February. A run on foreign exchange in recent weeks, in view of the devaluation on Wednesday, has cut the reserves from more than at the beginning of the \$5 billion, the government said Thursday.

measures announced by Lorenzo Sigant, the economics minister, were to stimulate exports without obstructing the policy of encouraging imports, and to outflow of hard currency.

Sigant also sought to pre-empt his predecessor's anti-inflationary by announcing that publishing would be cut and future would be 2 percent monthly.

After declining last year, foreign demand for West German goods has stabilized, with help from the Deutsche mark's weakness against other major currencies.

Lowest Point

But the institute added that domestic demand continues weak, following a contraction of almost 4 percent between the third quarter of 1980 and the three month November-January winter period.

In a sector-by-sector analysis, the institute said the auto industry seems to have reached the lowest point of demand for its products and an upturn could occur in the second half of the year.

But IFO said West German auto production for the full year will probably be 6 percent down from 1980, compared with last year's 12 percent fall. Foreign automakers will probably continue to raise their share of the overall West German market.

The institute estimated production in the mechanical engineering industry will fall by around 5 percent this year, after expanding by 4 percent last year.

All major sectors of manufacturing industry have become more skeptical about their business prospects in the last few months, the institute said, adding that investment will remain depressed.

After declining last year, foreign demand for West German goods has stabilized, with help from the Deutsche mark's weakness against other major currencies.

After declining last year, foreign demand for West German goods has stabilized, with help from the Deutsche mark's weakness against other major currencies.

After declining last year, foreign demand for West German goods has stabilized, with help from the Deutsche mark's weakness against other major currencies.

After declining last year, foreign demand for West German goods has stabilized, with help from the Deutsche mark's weakness against other major currencies.

After declining last year, foreign demand for West German goods has stabilized, with help from the Deutsche mark's weakness against other major currencies.

After declining last year, foreign demand for West German goods has stabilized, with help from the Deutsche mark's weakness against other major currencies.

After declining last year, foreign demand for West German goods has stabilized, with help from the Deutsche mark's weakness against other major currencies.

After declining last year, foreign demand for West German goods has stabilized, with help from the Deutsche mark's weakness against other major currencies.

After declining last year, foreign demand for West German goods has stabilized, with help from the Deutsche mark's weakness against other major currencies.

After declining last year, foreign demand for West German goods has stabilized, with help from the Deutsche mark's weakness against other major currencies.

After declining last year, foreign demand for West German goods has stabilized, with help from the Deutsche mark's weakness against other major currencies.

After declining last year, foreign demand for West German goods has stabilized, with help from the Deutsche mark's weakness against other major currencies.

After declining last year, foreign demand for West German goods has stabilized, with help from the Deutsche mark's weakness against other major currencies.

After declining last year, foreign demand for West German goods has stabilized, with help from the Deutsche mark's weakness against other major currencies.

After declining last year, foreign demand for West German goods has stabilized, with help from the Deutsche mark's weakness against other major currencies.

After declining last year, foreign demand for West German goods has stabilized, with help from the Deutsche mark's weakness against other major currencies.

After declining last year, foreign demand for West German goods has stabilized, with help from the Deutsche mark's weakness against other major currencies.

After declining last year, foreign demand for West German goods has stabilized, with help from the Deutsche mark's weakness against other major currencies.

After declining last year, foreign demand for West German goods has stabilized, with help from the Deutsche mark's weakness against other major currencies.

After declining last year, foreign demand for West German goods has stabilized, with help from the Deutsche mark's weakness against other major currencies.

After declining last year, foreign demand for West German goods has stabilized, with help from the Deutsche mark's weakness against other major currencies.

After declining last year, foreign demand for West German goods has stabilized, with help from the Deutsche mark's weakness against other major currencies.

After declining last year, foreign demand for West German goods has stabilized, with help from the Deutsche mark's weakness against other major currencies.

After declining last year, foreign demand for West German goods has stabilized, with help from the Deutsche mark's weakness against other major currencies.

After declining last year, foreign demand for West German goods has stabilized, with help from the Deutsche mark's weakness against other major currencies.

After declining last year, foreign demand for West German goods has stabilized, with help from the Deutsche mark's weakness against other major currencies.

After declining last year, foreign demand for West German goods has stabilized, with help from the Deutsche mark's weakness against other major currencies.

After declining last year, foreign demand for West German goods has stabilized, with help from the Deutsche mark's weakness against other major currencies.

After declining last year, foreign demand for West German goods has stabilized, with help from the Deutsche mark's weakness against other major currencies.

After declining last year, foreign demand for West German goods has stabilized, with help from the Deutsche mark's weakness against other major currencies.

After declining last year, foreign demand for West German goods has stabilized, with help from the Deutsche mark's weakness against other major currencies.

After declining last year, foreign demand for West German goods has stabilized, with help from the Deutsche mark's weakness against other major currencies.

After declining last year, foreign demand for West German goods has stabilized, with help from the Deutsche mark's weakness against other major currencies.

After declining last year, foreign demand for West German goods has stabilized, with help from the Deutsche mark's weakness against other major currencies.

After declining last year, foreign demand for West German goods has stabilized, with help from the Deutsche mark's weakness against other major currencies.

After declining last year, foreign demand for West German goods has stabilized, with help from the Deutsche mark's weakness against other major currencies.

After declining last year, foreign demand for West German goods has stabilized, with help from the Deutsche mark's weakness against other major currencies.

After declining last year, foreign demand for West German goods has stabilized, with help from the Deutsche mark's weakness against other major currencies.

After declining last year, foreign demand for West German goods has stabilized, with help from the Deutsche mark's weakness against other major currencies.

After declining last year, foreign demand for West German goods has stabilized, with help from the Deutsche mark's weakness against other major currencies.

After declining last year, foreign demand for West German goods has stabilized, with help from the Deutsche mark's weakness against other major currencies.

After declining last year, foreign demand for West German goods has stabilized, with help from the Deutsche mark's weakness against other major currencies.

After declining last year, foreign demand for West German goods has stabilized, with help from the Deutsche mark's weakness against other major currencies.

After declining last year, foreign demand for West German goods has stabilized, with help from the Deutsche mark's weakness against other major currencies.

After declining last year, foreign demand for West German goods has stabilized, with help from the Deutsche mark's weakness against other major currencies.

After declining last year, foreign demand for West German goods has stabilized, with help from the Deutsche mark's weakness against other major currencies.

After declining last year, foreign demand for West German goods has stabilized, with help from the Deutsche mark's weakness against other major currencies.

After declining last year, foreign demand for West German goods has stabilized, with help from the Deutsche mark's weakness against other major currencies.

After declining last year, foreign demand for West German goods has stabilized, with help from the Deutsche mark's weakness against other major currencies.

After declining last year, foreign demand for West German goods has stabilized, with help from the Deutsche mark's weakness against other major currencies.

After declining last year, foreign demand for West German goods has stabilized, with help from the Deutsche mark's weakness against other major currencies.

After declining last year, foreign demand for West German goods has stabilized, with help from the Deutsche mark's weakness against other major currencies.

After declining last year, foreign demand for West German goods has stabilized, with help from the Deutsche mark's weakness against other major currencies.

After declining last year, foreign demand for West German goods has stabilized, with help from the Deutsche mark's weakness against other major currencies.

After declining last year, foreign demand for West German goods has stabilized, with help from the Deutsche mark's weakness against other major currencies.

After declining last year, foreign demand for West German goods has stabilized, with help from the Deutsche mark's weakness against other major currencies.

After declining last year, foreign demand for West German goods has stabilized, with help from the Deutsche mark's weakness against other major currencies.

After declining last year, foreign demand for West German goods has stabilized, with help from the Deutsche mark's weakness against other major currencies.

After declining last year, foreign demand for West German goods has stabilized, with help from the Deutsche mark's weakness against other major currencies.

After declining last year, foreign demand for West German goods has stabilized, with help from the Deutsche mark's weakness against other major currencies.

After declining last year, foreign demand for West German goods has stabilized, with help from the Deutsche mark's weakness against other major currencies.

After declining last year, foreign demand for West German goods has stabilized, with help from the Deutsche mark's weakness against other major currencies.

After declining last year, foreign demand for West German goods has stabilized, with help from the Deutsche mark's weakness against other major currencies.

After declining last year, foreign demand for West German goods has stabilized, with help from the Deutsche mark's weakness against other major currencies.

After declining last year, foreign demand for West German goods has stabilized, with help from the Deutsche mark's weakness against other major currencies.

After declining last year, foreign demand for West German goods has stabilized, with help from the Deutsche mark's weakness against other major currencies.

After declining last year, foreign demand for West German goods has stabilized, with help from the Deutsche mark's weakness against other major currencies.

After declining last year, foreign demand for West German goods has stabilized, with help from the Deutsche mark's weakness against other major currencies.

After declining last year, foreign demand for West German goods has stabilized, with help from the Deutsche mark's weakness against other major currencies.

After declining last year, foreign demand for West German goods has stabilized, with help from the Deutsche mark's weakness against other major currencies.

After declining last year, foreign demand for West German goods has stabilized, with help from the Deutsche mark's weakness against other major currencies.

After declining last year, foreign demand for West German goods has stabilized, with help from the Deutsche mark's weakness against other major currencies.

After declining last year, foreign demand for West German goods has stabilized, with help from the Deutsche mark's weakness against other major currencies.

After declining last year, foreign demand for West German goods has stabilized, with help from the Deutsche mark's weakness against other major currencies.

After declining last year, foreign demand for West German goods has stabilized, with help from the Deutsche mark's weakness against other major currencies.

After declining last year, foreign demand for West German goods has stabilized, with help from the Deutsche mark's weakness against other major currencies.

After declining last year, foreign demand for West German goods has stabilized, with help from the Deutsche mark's weakness against other major currencies.

After declining last year, foreign demand for West German goods has stabilized, with help from the Deutsche mark's weakness against other major currencies.

After declining last year, foreign demand for West German goods has stabilized, with help from the Deutsche mark's weakness against other major currencies.

After declining last year, foreign demand for West German goods has stabilized, with help from the Deutsche mark's weakness against other major currencies.

After declining last year, foreign demand for West German goods has stabilized, with help from the Deutsche mark's weakness against other major currencies.

After declining last year, foreign demand for West German goods has stabilized, with help from the Deutsche mark's weakness against other major currencies.

After declining last year, foreign demand for West German goods has stabilized, with help from the Deutsche mark's weakness against other major currencies.

After declining last year, foreign demand for West German goods has stabilized, with help from the Deutsche mark's weakness against other major currencies.

After declining last year, foreign demand for West German goods has stabilized, with help from the Deutsche mark's weakness against other major currencies.

nraz' Kaiser Deal: See Things Earlier'

Robert E. Dallos

Argus Times Service
ORK — When Roger E. Tammraz to make a deal, he quickly — occasionally — faster than his U.S. counterparts. And that is sometimes able to catch the birds he was able to get a good Kaiser Steel recently, he

we announced the deal," he says. "I got calls from three individuals, who told me that 'we're about to same deal. We were looking for a heavy board and a administration to consult make a decision. We are not a typical American company. Maybe I see things a than others, and I think name of the game."

At 30-year-old, Egyptian-born investor left his father's port business, two decades to set out on his own. He and a couple of Arab and a Saudi Arabian partners in a \$1-billion investment company he

Tammraz said he did not feel to to turn the Kaiser factor he bought 17 percent. In effect, the Harvard School graduate is buying of the company — for lion — sight unseen.

gutting-fast purchase of shares of Kaiser Steel have occurred, he said, of the Kaiser family and the company.

Another Tammraz venture is a methanol plant in Saudi Arabia, a joint venture with a major Japanese company. Mr. Tammraz is also the second largest shareholder in Sunshine Mining Co.

He has not been successful in all his efforts. Some years ago he proposed a \$100-million petrochemical transshipment for then-ailing Lockheed, but the U.S. government vetoed the deal on the ground that the country's second largest defense contractor should not fall into foreign hands.

"That \$100 million would have been convertible at \$7 to \$8 a share," Mr. Tammraz said. "Look at Lockheed today. Can you imagine what we would have made?"

He is interested in investing in energy-related companies: "Banking and oil are the two major raw materials of the Middle East, so it makes sense. And I am an Arab and I want to help other Arabs. The best thing for an Arab is to learn technology, to get an education. You can easily come up with \$100 million in three or four years but you cannot create an engineer or a doctor or a lawyer overnight."

ndervalued by the marketological reasons. The less just looks depress.

Tammraz made sense to us. I e reason they have been ter it because they have a the Alaska pipeline. And I am surprised to learn that a American firms insist on American instead of buying a steel."

Two seats-on the Kais

rd, one for himself and the

the other for his Harvard classmate, Matthew Steckel, chairman of Detroit's Bank of the Commonwealth, which is 77 percent owned by First Arabian (Mr. Tammraz controls 51 percent of First Arabian.)

"I don't know what my objectives are yet," for Kaiser he said. "I'm still waiting to see the facts. My general strategy, though, is that there is a lot of technology there. I feel that this technology will be useful to us in the Middle East. We are going to invest a lot of economic development there, spending billions of dollars in steel."

Some analysts say Mr. Tammraz purchase was not such a good deal, asserting that the only thing attractive is the cash Kaiser has.

"You can't neglect the cash," Mr. Tammraz responded. "But it is a company that has huge cash needs. So everything is relative."

Kaiser's coal reserves, about 800 million tons, have gone unnoticed either. "If the United States solves its coal problems, it would have energy for the next 300 years," Mr. Tammraz said.

Under a \$70-million contract, the U.S. firm Lummus will coordinate building a plant to produce and refine some of the heavy oil, so called because it is more viscous than ordinary crude.

It will not flow at normal temperatures, and extraction requires new and costly technology — the plant Lummus is to build will produce 125,000 barrels a day, or little more than 1 percent of Saudi Arabia's daily oil output.

Another Tammraz venture is a methanol plant in Saudi Arabia, a joint venture with a major Japanese company. Mr. Tammraz is also the second largest shareholder in Sunshine Mining Co.

He has not been successful in all his efforts. Some years ago he proposed a \$100-million petrochemical transshipment for then-ailing Lockheed, but the U.S. government vetoed the deal on the ground that the country's second largest defense contractor should not fall into foreign hands.

"That \$100 million would have been convertible at \$7 to \$8 a share," Mr. Tammraz said. "Look at Lockheed today. Can you imagine what we would have made?"

He is interested in investing in energy-related companies: "Banking and oil are the two major raw materials of the Middle East, so it makes sense. And I am an Arab and I want to help other Arabs. The best thing for an Arab is to learn technology, to get an education. You can easily come up with \$100 million in three or four years but you cannot create an engineer or a doctor or a lawyer overnight."



Venezuela Gears Up Plan To Exploit Heavy Oil Belt

CARACAS — Venezuela has taken the first step toward large-scale commercial exploitation of its Orinoco heavy oil belt, one of the world's richest troves of stored energy.

Under a \$70-million contract, the U.S. firm Lummus will coordinate building a plant to produce and refine some of the heavy oil, so called because it is more viscous than ordinary crude.

It will not flow at normal temperatures, and extraction requires new and costly technology — the plant Lummus is to build will produce 125,000 barrels a day, or little more than 1 percent of Saudi Arabia's daily oil output.

Another Tammraz venture is a methanol plant in Saudi Arabia, a joint venture with a major Japanese company. Mr. Tammraz is also the second largest shareholder in Sunshine Mining Co.

He has not been successful in all his efforts. Some years ago he proposed a \$100-million petrochemical transshipment for then-ailing Lockheed, but the U.S. government vetoed the deal on the ground that the country's second largest defense contractor should not fall into foreign hands.

"That \$100 million would have been convertible at \$7 to \$8 a share," Mr. Tammraz said. "Look at Lockheed today. Can you imagine what we would have made?"

He is interested in investing in energy-related companies: "Banking and oil are the two major raw materials of the Middle East, so it makes sense. And I am an Arab and I want to help other Arabs. The best thing for an Arab is to learn technology, to get an education. You can easily come up with \$100 million in three or four years but you cannot create an engineer or a doctor or a lawyer overnight."

Venezuela now produces 2.2 million barrels a day of conventional crude, exporting about 1.8 million. Industry projections suggest that its output could fall as low as 1.2 million barrels a day by 2000.

Guillermo Rodriguez Eraso, president of Petroven's operating subsidiary, Lagoven, recently estimated Orinoco heavy oil production costs at \$15 to \$20 a barrel, including depreciation and inflation, compared with a present average of \$5 for Venezuelan crude. At today's prices, he estimated, the heavy oil should sell for about \$40 to leave a reasonable profit after taxes.

An Orinoco master plan worked out by Petroven involves producing 200,000 barrels a day by 1988, with the \$10-billion investment financed internally. About 80 percent of this will be spent on the project to be coordinated by Lummus at Lagoven's Cerro Negro field about 300 miles southeast of Caracas.

In addition to its viscosity making Orinoco heavy oil hard to extract, its high content of impurities means that much must be done to it before it can be fed to conventional refineries.

At Cerro Negro, Lagoven has opted for proven methods. Steam will be injected to heat the oil and get it to flow. When it is out of the ground, desulphurization units will upgrade the final product.

Though research is being carried out meanwhile at Venezuela's Instituto Tecnologico Venezolano del Petroleo into alternative extraction methods and hydrocracking (lightening the oil by adding hydrogen), final results will not be known for several years.

With Theatrical Flair, Fluor Diversifying

By Pamela G. Hollic

New York Times Service

IRVINE, Calif. — John Robert Fluor's bow tie and folksy manner disguise his flair for the dramatic gesture.

When his fast-growing Fluor Corp. arranged last November to invest \$12 million in Genemeth, he explained the genetic engineering company's relationship to what Fluor does in energy: "The idea is, we turn some bugs loose in coal and then they chew like hell and turn out oil."

Mr. Fluor, 59, the president, chairman and chief executive officer of the nation's second largest industrial construction company, was after diversification — the kind that can keep Fluor growing in the 1980s despite setbacks such as the revolution in Iran, which cost Fluor millions, or the Reagan administration's decision proposal to cut the Carter administration's \$8-billion synthetic fuels program, an area in which Fluor has a

plant for the Arabian American Oil Company. Fluor is building a refinery for Pertamina, Indonesia's national oil company, as well as a mining and recovery project in Peru and a nuclear hydroelectric power generation facility in South Carolina. Fluor has \$600-million refinery expansion project in Venezuela and \$1 billion worth of contracts to remodel oil refineries in the United States.

Major Investment

Fluor has offered to buy 45 percent of St. Joe's common stock at \$60 a share and to obtain the remaining shares through a tax-free exchange of stock. The transaction, if it goes through, will dramatically diversify Fluor into lead and zinc production, providing it with mines in the United States, Argentina, Chile, Peru and Australia.

Wall Street, however, reacted to the takeover offer with a lack of enthusiasm. Fluor's stock dropped 4½ points Wednesday.

There seemed to be uncertainty about how the acquisition would work out. Terry York, construction analyst for Drexel Burnham Lambert in New York, said: "Investors will perceive this as an unknown. Metals and mining are a cyclical industry, but it is possible that St. Joe would add to, not detract from Fluor's earnings in the next couple of years."

Fluor's involvement in South Africa has brought perennial criticism because of that government's apartheid policy. At the company's annual meeting three weeks ago, Mr. Fluor shrugged off the attacks and said he intended to run the company his way. An earlier controversy — over his billion-dollar gift to the University of Southern California for a Saudi Arabian study center — focused news media attention on Mr. Fluor, but he dismissed it in a similar fashion.

Today three-fourths of Fluor's profits are generated by its engineering and construction business. Fluor is involved in a \$5-billion gas-gathering project in Saudi Arabia, which includes a fractionation

inflation and theatrics notwithstanding, Fluor has been a strong performer. In its fiscal year that ended last Oct. 31, its earnings jumped 34 percent, to \$131.9 million, while revenues climbed 36 percent, to \$4.8 billion. The backlog of orders rose 50 percent to \$16.2 billion after new bookings of \$9.3 billion during the year. Mr. Fluor predicts revenues of about \$7 billion annually by 1990. Analysts expect the company's earnings to grow 25 percent a year.

Fluor has outgrown its glittering \$81-million headquarters in southern California 20 miles from the site where Mr. Fluor's grandfather started the construction business in 1912. The number of Fluor employees rose to 29,000 last year and is expected to reach 30,000 by 1985.

Right now, Fluor has growth and money to spare. Although it lacks the \$1.2 billion in cash it will need to swing the St. Joe deal, Fluor's operations in fiscal 1980 provided \$255 million of working capital and there is more than \$200 million in cash and short-term money available to finance borrowing. Fluor has \$79 million in debt, against \$552 million of equity.

UNITED OVERSEAS BANK GENEVA

Dividend increased to 13%.

The Board of Directors of United Overseas Bank approved the accounts for 1980 at a meeting held on March 12, 1981 at the bank's headquarters at 11 Quai des Bergues in Geneva.

The balance sheet total was SwFr. 2.1 billion, up 23.5% from SwFr. 1.7 billion at the previous year-end.

Net profit for the year of SwFr. 25,621,230 was up 15.24% from the previous year's SwFr. 22,233,391.

The Directors will propose a dividend of 13% (increased from 12%) to the Shareholders' Meeting to be held shortly.

This advertisement appears as a matter of record only.

ASIAN DEVELOPMENT BANK Manila, Philippines

DM 100,000,000 10% Deutsche Mark Bonds of 1981/1991

Offering Price: 100%
Interest: 10% p. a., payable on April 1 of each year
Repayment: on April 1, 1991 at par
Listing: Frankfurt am Main and Düsseldorf

Deutsche Bank Aktiengesellschaft

Dresdner Bank Aktiengesellschaft

Westdeutsche Landesbank Girozentrale

Alahli Bank of Kuwait (K.S.C.)

Amro International Limited

Baden-Württembergische Bank Aktiengesellschaft

Bank Julius Baer International Limited

Banque Arabe et Internationale d'Investissement (B.A.I.I.)

Banque Générale du Luxembourg S.A.

Banque Nationale de Paris

Banque Populaire Suisse S.A. Luxembourg

Bayerische Hypotheken- und Wechsel-Bank Aktiengesellschaft

Joh. Berenberg, Gossler & Co.

Citicorp International Bank Limited

Credit Commercial de France

Creditanstalt-Bankverein

DB Finance (Hong Kong) Ltd.

DG Bank

Deutsche Genossenschaftsbank

Euromobiliare S.p.A.

Girozentrale und Bank der Österreichischen Sparkassen Aktiengesellschaft

Georg Hauck & Sohn Bankiers

Kommmanditgesellschaft auf Aktien

Indosuez Asia Limited

Kidder, Peabody International Limited

Kreditbank S.A. Luxembourgeoise

Kuwait International Investment Co. s.a.r.l.

Lazard Frères et Cie

Manufacturers Hanover Limited

Merrill Lynch International & Co.

Morgan Grenfell & Co. Limited

Nomura Europe N.V.

Sal. Oppenheimer Jr. & Cie.

N.M. Rothschild & Sons Limited

Schröder, Münchmeyer, Hengst & Co.

Société Générale

Swiss Bank Corporation International Limited

Vereins- und Westbank Aktiengesellschaft

Westfaalenbank Aktiengesellschaft

Algemene Bank Nederland N.V.

Arnhold und S. Bleichroeder, Inc.

Banca Nazionale del Lavoro

Bank für Gemeinwirtschaft Aktiengesellschaft

Bankue Bruxelles Lambert S.A.

Banque de l'Indochine et de Suez

Banque de Neufville, Schlumberger, Mallet

Banque Rothschild

Bayerische Landesbank Girozentrale

Berliner Bank Aktiengesellschaft

Commerzbank (South East Asia) Ltd.

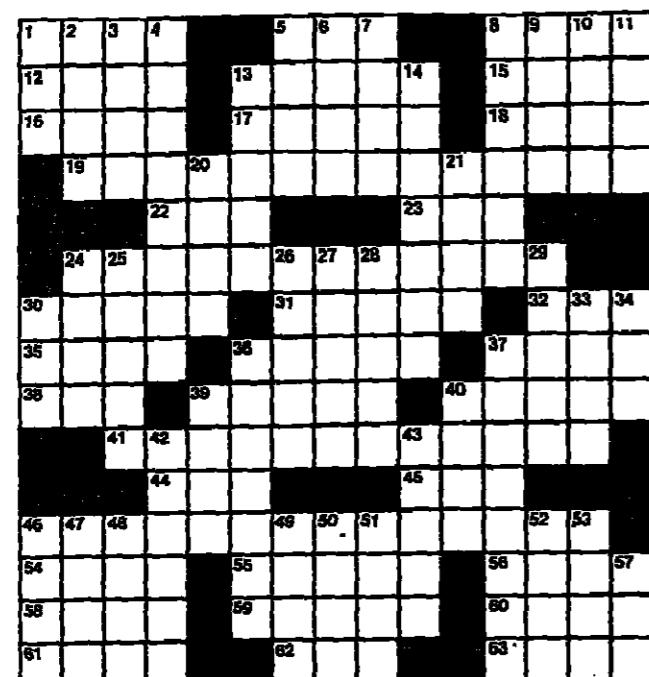
Credit Lyonnais

Credito Italiano

Delbrück & Co.

Dresdner (South East Asia) Limited

European Banking Company Limited

CROSSWORD *By Eugene T. Maleska*

ACROSS

- 1 Pow!
5 Wood for skis
6 Steeplejack's item
12 Part of a horse collar
13 Zeno was one
15 Appoint
16 Acrobatic
17 Key —, Fla.
18 Brother of Eris
19 He loves man
22 Six, in Siena
23 Half of MCII
24 Man-haters
30 Money in Zagreb
31 Chaucerian pilgrim
32 "Swann's —" Proust book
35 Half the checkers, usually
36 Neighbor of Tibet
37 Flank
38 Prefix for cycle or sex
39 Take care of 40 Heaters
41 The study of man
- 44 The path of virtue in Confucianism
45 Leave a little something
46 Man-eater
54 Did a garden job
55 "A — santé!"
56 Ancient Syria
58 On the sheltered side
59 Organic compound
60 Senate employee
61 Big — theory
62 Trifle
63 Cole follower
- 1 Kern song
2 Lyre's relative
3 Oriental nurse
4 Singer Manchester et al.
5 Mussorgsky's "Pictures — Exhibition"
6 Classify
7 On cloud nine

Solution to Previous Puzzle

SPOTS	POPS	FIGURES
LEBI	THOW	DISQUE
FRON	SENE	BLAZED
THIBES	TEAM	HEY
ETCAMORE	TREE	
TRIBES	TEAN	
LIHO	MANIOVER	
CONSTABLE	SHABE	
AMO	LEGAL	ALA
STICKE	STICKIN	THE
SEAL	OTEN	ABATIA
ERZET	RENT	ZOLL
RAESE	RAVE	ELLA
AMEDD	EKED	DISCO

WEATHER

HIGH	LOW	HIGH	LOW
C	F	C	F
AMSTERDAM	16 61	13 52	Fair
AMSTERDAM	11 52	2 32	Foggy
ATHENS	15 61	10 52	Fair
AUCKLAND	16 61	18 53	Cloudy
BANGKOK	23 72	11 51	Fair
BEIRUT	19 52	8 42	Cloudy
BERMUDA	21 72	13 52	Fair
BERLIN	14 61	9 42	Overcast
BRUSSELS	11 52	7 42	Foggy
BUCHAREST	11 52	3 22	Overcast
BUDAPEST	14 61	10 52	Foggy
BUENOS AIRES	24 75	19 52	Foggy
CAIRO	22 72	13 52	Fair
CASABLANCA	20 65	13 52	Foggy
CHICAGO	25 77	24 52	Foggy
COLOGNE	10 52	4 32	Overcast
COSTA DEL SOL	23 72	11 51	Foggy
DUBLIN	14 57	7 42	Foggy
EDINBURGH	9 48	3 22	Overcast
FLORENCE	21 72	17 52	Overcast
FRANKFURT	14 52	10 42	Foggy
GENEVA	13 55	10 52	Foggy
HELSINKI	10 52	4 22	Overcast
H.C. MINN CITY	20 65	18 52	Cloudy
HONG KONG	27 72	24 52	Foggy
HOUSTON	20 62	9 52	Cloudy
ISTANBUL	13 52	4 32	Overcast
JAKARTA	30 84	24 52	Overcast
JERSEY CITY	19 52	13 52	Foggy
JOHANNESBURG	24 75	13 52	Cloudy
LAS PALMAS	22 72	19 52	Cloudy
LIMA	25 77	18 52	Overcast
LISBON	11 61	3 32	Foggy
LONDON	11 52	3 32	Foggy

Readings from the previous 24 hours.

RADIO NEWSCASTS

BBC WORLD SERVICE

Broadcasts of 2000, 0700, 0300, 0400, 0500, 0600, 0700, 1100, 1200, 1600, 1700, 1800, 2000, 2200, 2300 (All times GMT).

Supported frequencies:

Western Europe: 94.9KHz and 45.0KHz Medium Wave, 5.975, 4.659, 7.126, 7.185, 5.410, 9.759, 12.095 and 15.870 KHz in the 41, 31, 25 and 19 meter bands.

East Africa: 14.132KHz and 27.224KHz Medium Wave, 25.652, 27.446, 15.425, 12.095, 17.045, 5.858, 5.120 and 6.029 KHz in the 11, 13, 16, 19, 24, 25, 31, 42 and 49 meter bands.

North and West Africa: 25.650, 21.470, 15.870, 11.750, 9.416, 7.131 and 5.975 KHz in the 11, 13, 16, 19, 24, 27, 31 and 50 meter bands.

Southern Africa: 25.650, 21.460, 17.080, 15.860, 11.820, 9.416, 7.131 and 6.025 KHz in the 11, 13, 14, 19, 25, 31, 41 and 49 meter bands.

Middle East: 12.231KHz and 22.64 Medium Wave, 25.650, 21.710, 15.270, 11.750, 9.416, 7.130 and 5.970 KHz in the 11, 13, 16, 19, 25, 31, 42 and 50 meter bands.

Southern Asia: 14.132KHz and 27.224KHz Medium Wave, 25.650, 27.446, 15.425, 12.095, 17.045, 5.858, 5.120 and 6.029 KHz in the 11, 13, 16, 19, 25, 31, 42 and 49 meter bands.

East and South Asia: 14.132KHz and 27.224KHz Medium Wave, 25.650, 27.446, 15.425, 12.095 and 17.045 KHz in the 11, 13, 16, 19, 25, 31, 42 and 49 meter bands.

South Africa: 25.650, 21.460, 17.080, 15.860, 11.820, 9.416, 7.131 and 6.025 KHz in the 11, 13, 14, 19, 25, 31, 41 and 49 meter bands.

Arabian: KHz 24.060, 27.446, 15.270, 11.750, 9.416, 7.131 and 5.975 KHz in the 11, 13, 16, 19, 25, 31, 42, 47 and 50 meter bands.

Arabian: KHz 24.060, 27.446, 15.270, 11.750, 9.416, 7.131 and 5.975 KHz in the 11, 13, 16, 19, 25, 31, 42, 47 and 50 meter bands.

Arabian: KHz 24.060, 27.446, 15.270, 11.750, 9.416, 7.131 and 5.975 KHz in the 11, 13, 16, 19, 25, 31, 42, 47 and 50 meter bands.

Arabian: KHz 24.060, 27.446, 15.270, 11.750, 9.416, 7.131 and 5.975 KHz in the 11, 13, 16, 19, 25, 31, 42, 47 and 50 meter bands.

Arabian: KHz 24.060, 27.446, 15.270, 11.750, 9.416, 7.131 and 5.975 KHz in the 11, 13, 16, 19, 25, 31, 42, 47 and 50 meter bands.

Arabian: KHz 24.060, 27.446, 15.270, 11.750, 9.416, 7.131 and 5.975 KHz in the 11, 13, 16, 19, 25, 31, 42, 47 and 50 meter bands.

Arabian: KHz 24.060, 27.446, 15.270, 11.750, 9.416, 7.131 and 5.975 KHz in the 11, 13, 16, 19, 25, 31, 42, 47 and 50 meter bands.

Arabian: KHz 24.060, 27.446, 15.270, 11.750, 9.416, 7.131 and 5.975 KHz in the 11, 13, 16, 19, 25, 31, 42, 47 and 50 meter bands.

Arabian: KHz 24.060, 27.446, 15.270, 11.750, 9.416, 7.131 and 5.975 KHz in the 11, 13, 16, 19, 25, 31, 42, 47 and 50 meter bands.

Arabian: KHz 24.060, 27.446, 15.270, 11.750, 9.416, 7.131 and 5.975 KHz in the 11, 13, 16, 19, 25, 31, 42, 47 and 50 meter bands.

Arabian: KHz 24.060, 27.446, 15.270, 11.750, 9.416, 7.131 and 5.975 KHz in the 11, 13, 16, 19, 25, 31, 42, 47 and 50 meter bands.

Arabian: KHz 24.060, 27.446, 15.270, 11.750, 9.416, 7.131 and 5.975 KHz in the 11, 13, 16, 19, 25, 31, 42, 47 and 50 meter bands.

Arabian: KHz 24.060, 27.446, 15.270, 11.750, 9.416, 7.131 and 5.975 KHz in the 11, 13, 16, 19, 25, 31, 42, 47 and 50 meter bands.

Arabian: KHz 24.060, 27.446, 15.270, 11.750, 9.416, 7.131 and 5.975 KHz in the 11, 13, 16, 19, 25, 31, 42, 47 and 50 meter bands.

Arabian: KHz 24.060, 27.446, 15.270, 11.750, 9.416, 7.131 and 5.975 KHz in the 11, 13, 16, 19, 25, 31, 42, 47 and 50 meter bands.

Arabian: KHz 24.060, 27.446, 15.270, 11.750, 9.416, 7.131 and 5.975 KHz in the 11, 13, 16, 19, 25, 31, 42, 47 and 50 meter bands.

Arabian: KHz 24.060, 27.446, 15.270, 11.750, 9.416, 7.131 and 5.975 KHz in the 11, 13, 16, 19, 25, 31, 42, 47 and 50 meter bands.

Arabian: KHz 24.060, 27.446, 15.270, 11.750, 9.416, 7.131 and 5.975 KHz in the 11, 13, 16, 19, 25, 31, 42, 47 and 50 meter bands.

Arabian: KHz 24.060, 27.446, 15.270, 11.750, 9.416, 7.131 and 5.975 KHz in the 11, 13, 16, 19, 25, 31, 42, 47 and 50 meter bands.

Arabian: KHz 24.060, 27.446, 15.270, 11.750, 9.416, 7.131 and 5.975 KHz in the 11, 13, 16, 19, 25, 31, 42, 47 and 50 meter bands.

Arabian: KHz 24.060, 27.446, 15.270, 11.750, 9.416, 7.131 and 5.975 KHz in the 11, 13, 16, 19, 25, 31, 42, 47 and 50 meter bands.

Arabian: KHz 24.060, 27.446, 15.270, 11.750, 9.416, 7.131 and 5.975 KHz in the 11, 13, 16, 19, 25, 31, 42, 47 and 50 meter bands.

Arabian: KHz 24.060, 27.446, 15.270, 11.750, 9.416, 7.131 and 5.975 KHz in the 11, 13, 16, 19, 25, 31, 42, 47 and 50 meter bands.

Arabian: KHz 24.060, 27.446, 15.270, 11.750, 9.416, 7.131 and 5.975 KHz in the 11, 13, 16, 19, 25, 31, 42, 47 and 50 meter bands.

Arabian: KHz 24.060, 27.446, 15.270, 11.750, 9.416, 7.131 and 5.975 KHz in the 11, 13, 16, 19, 25, 31, 42, 47 and 50 meter bands.

Arabian: KHz 24.060, 27.446, 15.270, 11.750, 9.416, 7.131 and 5.975 KHz in the 11, 13, 16, 19, 25, 31, 42, 47 and 50 meter bands.

Arabian: KHz 24.060, 27.446, 15.270, 11.750, 9.416, 7.131 and 5.975 KHz in the 11, 13, 16, 19, 25, 31, 42

Los Angeles Upset by Houston in NBA as Kansas City Wins

The Associated Press
LOS ANGELES — The Los Angeles Lakers, hoping to be the National Basketball Association's first repeat champion since the 1968-69 Boston Celtics, suddenly find themselves one game away from elimination after running into a red-hot Rocket Moses Malone.

One, Houston's 6-foot-10, scored 38 points and 22 rebounds — including 10 off the offensive boards — and the Rockets to a 111-106 win Wednesday night in the second game of their first-round playoff series. Calvin Murphy added 19 points for the Lakers.

The other Western Conference semifinal series, the Kansas City Kings posted a 96-93 victory over the Portland Trail Blazers at Portland's 90-30 arena. That means three of the seven games won by the best team, Philadelphia, were defeated. Indiana, 124-

106, Tuesday, is the only home team to win so far.

"To win we had to play our hardest and best game of the year, a maximum effort," said Houston coach Del Harris.

"For all I know it was the best game in the history of the franchise."

The Lakers trailed by three points with 19 seconds left before

NBA Playoffs

FIRST ROUND
WESTERN CONFERENCE
Philadelphia vs. Indiana
(Winger plays Milwaukee)
April 3 — Philadelphia vs. Indiana
New York vs. California
(Winger plays Milwaukee)
April 3 — Philadelphia vs. Indiana
April 5 — Chicago vs. New York
(Winger plays Atlanta)
April 5 — Houston vs. Los Angeles
(Winger plays Portland)
April 5 — Portland vs. Houston
April 5 — Portland vs. Los Angeles
(Winger plays Phoenix)
April 5 — Portland vs. Los Angeles
(Winger plays Portland)
April 5 — Kansas City vs. Portland
April 5 — Kansas City vs. Portland
April 5 — Kansas City vs. Portland

Cy Austin Enterprises Sued by Coach

The Associated Press
GEORGES — Women's tennis coach Robert Lansbury claims he has not been paid.

He said he signed a contract last year that stipulated he would be compensated for training a senior at Rollins in nearby Palos Verdes, tennis clinics, tennis speaking engagements, p charged in Los Angeles. A court Wednesday that he had been compensated and that a court order Tracy Enterprises, Inc., to see his money.

Working together for 11 years, he said he had any right to speak to my personal mother if he had any claim Austin through y.

—
ng-Jaeger Team

(UPI) — Former Wimpie Billie Jean King agreed for the first time

sky Is Tops

VHL Assists

The Associated Press
MONTREAL, Alberta — 20, broke Bobby Lalonde's record Wednesday when he earned his 103rd of the season.

had broken Phil Esposito's season points record of 1970-71 season. Each, veteran goaltender Laredo Rockies, earned a th the Oilers, who gave 70 points, the same as the Penguins and New York, all tied for 13th all. Edmonton has two to play and Pittsburgh four each.

Hoards of Hype
But Mathewala said he regarded himself as a South African, and the government gave him a South African passport. Only the opposition press was churlish enough to raise the question.

In practice, he was fast becoming a citizen of the land of hype. He endorsed automobiles. Old Buck Gin, Bostonian shoes and a fine of sharp clothes. "Peter Mathewala," said, "Mayfair apparel packs plenty of punch" the hoards declared.

When Mathewala signed for his first title defense, against the Argentine flyweight champion, Santos Laciar, South African boxing writers laid down a barrage of training-bulletin pointing to the invincibility of the champ, just

two guard Mike Dunleavy hit two free throws for Houston. A basket by Earvin "Magic" Johnson again cut it to three, but a free throw by Malone clinched the victory.

Johnson led the Lakers with 20 points and Norm Nixon and Kareem Abdul-Jabbar added 22 and 21 points, respectively.

"We are in a whole lot of trouble," said Johnson. "Our course is clear," said Lakers Coach Paul Westhead. "We must win in Houston. We must be more aggressive, keep the ball away from Moses and keep Moses away from the boards."

Kansas City's back-up center, Joe Meriweather, scored four of his six points in overtime, including the winning basket with 57 seconds remaining.

Otis Birdsong, who led all scorers with 29 points, sent the game into overtime by hitting a driving lay-up for Kansas City with one second left.

Scott Wedman had 25 points for Kansas City. Billy Ray Bates led the Portland scoring with 25, and Mychal Thompson had 18.

Shriver, a meet spokesman announced.

Shriver, currently listed seventh in the computerized world rankings, joins Chris Evert Lloyd, the No. 1-ranked player. Andrea Jaeger and Hana Mandlikova. The winner of the singles-only competition receives \$100,000.

The deals with Thompson as the linchpin were Wednesday's biggest before the midnight inter-league trading deadline passed.

Two Big Deals

Wirs acknowledged that there is no rule banning interlocking deals.

"But in this case, until we know all the facts, it's being held up overnight," he said.

It was the second big deal in 24 hours involving the Yankees. Tuesday night they completed a six-player trade with San Diego. The keys were the center fielders, Jerry Munphy and Ruppert Jones westing west.

The deals with Thompson as the linchpin were Wednesday's biggest before the midnight inter-league trading deadline passed.

A 'Terror' Fades in South Africa After the Parties

By Joseph Lelyveld
New York Times

JOHANNESBURG — He was called Terror, and for the heady 15 weeks he reigned as the first black South African to hold a world championship, virtually all sides in this starkly divided country, with the exception of a fringe of black political activists, were rejoiced riotously over the victories of the two black Americans.

As they had when they picked two home-grown heavyweights, Kallie Knoetze and Gerrie Coetzee, to flatten John Tate and Mike Weaver, respectively, in WBA bouts here. When Knoetze and Coetzee both faded before the unseeing eyes of their Afrikaner fans, the black townships rejoiced riotously over the victories of the two black Americans.

Then there was the controversy over which national anthem to play for the champion. Perhaps, to show he was no "sellout," he insisted on a hymn called, in translation, "God Bless Africa," which is intimately associated with black freedom movements that have been banned here. As a compromise, it was determined that the black anthem and the official anthem, an Afrikaner hymn, would be played.

Boycott Call

The Laciar fight was set for Soweto, Johannesburg's sprawling black smax, Orlando Stadium, the promoters predicted, would be packed by more than 60,000 fans.

The gate seemed a sure thing. How could it possibly fail with the first black South African champion, a man with the scars to show for his scramble up from the back alleys of a South African township, fighting for his title in Soweto itself?

The only discordant note came from a militant political group known as the Azanian People's Organization, which called for a boycott of the fight on the ground that international sporting events in South Africa are a propaganda boon to the government, leaving an impression that racism is being overcome here as a factor in sports and the society at large.

The Azanian People's Organization appeared to know from the start that a call to boycott the Mathewala fight would not be popular, but it was campaigning at the same time for a boycott of a concert by the O'Jays, the American soul group, and got trapped on the issue of consistency.

The boycott was promptly endorsed by the United Nations Special Committee on Apartheid, which called on the Argentine government to keep the challenger home. The South African Non-Racial Olympic Committee, known as Sanroc, author of an international blacklist of athletes who conspired here, was said to be adding Laciar to its list. Also on the list is Floyd Patterson, the former heavyweight champion, who has become something of a fixture at fights here, providing commentary for a radio station.

Then there was the controversy over which national anthem to play for the champion. Perhaps, to show he was no "sellout," he insisted on a hymn called, in translation, "God Bless Africa," which is intimately associated with black freedom movements that have been banned here. As a compromise, it was determined that the black anthem and the official anthem, an Afrikaner hymn, would be played.

Black Superstar

On the morning of the fight, last Saturday, the local newspapers all had the champion's picture on their front pages in color. "A Black Superstar," proclaimed the banner headline of a special supplement in the Rand Daily Mail. "Terror Set for Triumph."

The boycott call had faded, but so had the gate, a victim of economics. The most expensive seats cost \$130, more than many, possibly most, Soweto blacks earn in a month. And the number of whites prepared to pay that price to go to Soweto — or prepared to go to Soweto at any price — remains small. Even the cheap seats, at a little more than 39 apiece, were more than twice what they are for a championship soccer match.

So Orlando Stadium was less than half full Saturday afternoon. But it rocked with cheers as Mathewala's entourage swept into the ring, passing the seat the white minister for cooperation and development, Piter Koenhof, had been seated in the stadium's center.

A black from the township outside Kandfontein, where Mathewala lives said it was too many parties. Others wondered whether Mathewala had known all along that he couldn't live up to the expectations that had been generated by his name.

Soweto was vanishing behind its nighty haze of coal smoke as the new champion came out to board his bus.

He blew kisses to the crowded "Argentina, Argentina," his handlers chanted, as if it was a football cheer. Then as the motorcycle escort turned on its siren and the bus started to move they switched cheers. "Soweto, Soweto," they cried. The former fans of the former terror waved back.

Moments later, Koenhof found himself standing to attention for the black anthem. So did the high police officers in his vicinity.

It was a strange and remarkable moment, for it was something, almost certainly, that no South African minister had ever done before.

The crowd sang with passion, thrusting clenched fists into the air, in the traditional revolutionary salute.

If only Terror had then lived up to his name, there might have been a small but measurable surge of a new kind of national feeling in this country, one that was not racially defined. But the champion was tense, awkward and apparently not in shape. He seemed reluctant to use his right hand, and circled only to his left. The little Argentine, the kind of boxer who is usually called scrappy, missed regularly with flurries of looping left hooks and fierce right crosses in the early rounds, but gradually came closer to his mark.

Vince Ferragamo's agent, Ferragamo intends to sign a contract with Montreal said.

A spokesman for Montreal said that Ferragamo probably would not sign before the middle of next week. "There's just a few legal knots that have to be untied," the spokesman said. "Skalbania has left for Bermuda for a few days, and he said before leaving that things should be left until he gets back Monday."

In Los Angeles, the Rams confirmed that Ferragamo has made a deal with Skalbania, although a formal contract had not yet been signed. Said Rams general manager Don Klossner: "We have been informed by David Fischel,

Late Three-Way Baseball Trades Suspended

The Associated Press

NEW YORK — There are a lot of ways to get from California to New York quickly. For Jason Thompson, the trip through Pittsburgh is not one of them — not when Bowie Kuhn's putting up roadblocks.

Thompson, the left-handed first baseman who hit .338 with 21 home runs for the California Angels in 1980, was dealt to the Pittsburgh Pirates Wednesday, and then to the New York Yankees. In the three-way deal, the Angels ended up with catcher Ed Ott and pitcher Melky Maher from Pittsburgh and the Pirates wound up with first baseman Jim Spencer, minor league pitchers Greg Cochrane and Freddie Toliver and son of Yankees owner George Steinbrenner's cash.

How much? That's what Kuhn would like to know. This is one of the reasons he gave for temporarily holding up the two trades. Since 1976, Kuhn has insisted on a \$4,000 ceiling in all trades involving money.

The other reason for holding up the deal, according to Bob Wirs, major league baseball's director of information, was that Kuhn wants to know whether the two trades, "having been made back-to-back, are inter-related."

Two Big Deals

Wirs acknowledged that there is no rule banning interlocking deals. "But in this case, until we know all the facts, it's being held up overnight," he said.

It was the second big deal in 24 hours involving the Yankees. Tuesday night they completed a six-player trade with San Diego. The keys were the center fielders, Jerry Munphy and Ruppert Jones westing west.

The deals with Thompson as the linchpin were Wednesday's biggest before the midnight inter-league trading deadline passed.

Two Big Deals

Wirs acknowledged that there is no rule banning interlocking deals. "But in this case, until we know all the facts, it's being held up overnight," he said.

It was the second big deal in 24 hours involving the Yankees. Tuesday night they completed a six-player trade with San Diego. The keys were the center fielders, Jerry Munphy and Ruppert Jones westing west.

The deals with Thompson as the linchpin were Wednesday's biggest before the midnight inter-league trading deadline passed.

Two Big Deals

Wirs acknowledged that there is no rule banning interlocking deals. "But in this case, until we know all the facts, it's being held up overnight," he said.

It was the second big deal in 24 hours involving the Yankees. Tuesday night they completed a six-player trade with San Diego. The keys were the center fielders, Jerry Munphy and Ruppert Jones westing west.

The deals with Thompson as the linchpin were Wednesday's biggest before the midnight inter-league trading deadline passed.

Two Big Deals

Wirs acknowledged that there is no rule banning interlocking deals. "But in this case, until we know all the facts, it's being held up overnight," he said.

It was the second big deal in 24 hours involving the Yankees. Tuesday night they completed a six-player trade with San Diego. The keys were the center fielders, Jerry Munphy and Ruppert Jones westing west.

The deals with Thompson as the linchpin were Wednesday's biggest before the midnight inter-league trading deadline passed.

Two Big Deals

Wirs acknowledged that there is no rule banning interlocking deals. "But in this case, until we know all the facts, it's being held up overnight," he said.

It was the second big deal in 24 hours involving the Yankees. Tuesday night they completed a six-player trade with San Diego. The keys were the center fielders, Jerry Munphy and Ruppert Jones westing west.

The deals with Thompson as the linchpin were Wednesday's biggest before the midnight inter-league trading deadline passed.

Two Big Deals

Wirs acknowledged that there is no rule banning interlocking deals. "But in this case, until we know all the facts, it's being held up overnight," he said.

It was the second big deal in 24 hours involving the Yankees. Tuesday night they completed a six-player trade with San Diego. The keys were the center fielders, Jerry Munphy and Ruppert Jones westing west.

The deals with Thompson as the linchpin were Wednesday's biggest before the midnight inter-league trading deadline passed.

Two Big Deals

Wirs acknowledged that there is no rule banning interlocking deals. "But in this case, until we know all the facts, it's being held up overnight," he said.

It was the second big deal in 24 hours involving the Yankees. Tuesday night they completed a six-player trade with San Diego. The keys were the center fielders, Jerry Munphy and Ruppert Jones westing west.

The deals with Thompson as the linchpin were Wednesday's biggest before the midnight inter-league trading deadline passed.

Two Big Deals

Wirs acknowledged that there is no rule banning interlocking deals. "But in this case, until we know all the facts, it's being held up overnight," he said.

It was the second big deal in 24 hours involving the Yankees. Tuesday night they completed a six-player trade with San Diego. The keys were the center fielders, Jerry Munphy and Ruppert Jones westing west.

The deals with Thompson as the linchpin were Wednesday's biggest before the midnight inter-league trading deadline passed.

Two Big Deals

Wirs acknowledged that there is no rule banning interlocking deals. "But in this case, until we know all the facts, it's being held up overnight," he said.

It was the second big deal in 24 hours involving the Yankees. Tuesday night they completed a six-player trade with San Diego. The keys were the center fielders, Jerry Munphy and Ruppert Jones westing west.

The deals with Thompson as the linchpin were Wednesday's biggest before the midnight inter-league trading deadline passed.

Two Big Deals

Wirs acknowledged that there is no rule banning interlocking deals. "But in this case, until we know all the facts, it's being held up overnight," he said.

It was the second big deal in 24 hours involving the Yankees. Tuesday night they completed a six-player trade with San Diego. The keys were the center fielders, Jerry Munphy and Ruppert Jones westing west.

The deals with Thompson as the linchpin were Wednesday's biggest before the midnight inter-league trading deadline passed.

Two Big Deals

Wirs acknowledged that there is no rule banning interlocking deals. "But in

Observer

Detente With Haig

By Russell Baker

NEW YORK — Once again I have been summoned to a country house outside Washington. I know the summoner as D. This is a shortening of his code name, D. of N., which stands for "Dead of Night."

D wasted no time on small talk. "Analyze the Reagan foreign policy," he commanded.

This was easy enough. The Reagan foreign policy assumes the existence of a formidable aggressive power bent on establishing imperial domination wherever strong applications of muscle can carry the day.

D glared. "We do not pay your bus fare from New York to a country house outside Washington in order to hear that the Reagan people are opposed to Russians."

"You did not listen carefully. D. I said nothing about Russians. I talked about a formidably aggressive power bent on establishing imperial domination —"

"I think I grasp your meaning," he said. "A formidably aggressive power — You are talking about Secretary of State Alexander M. Haig Jr. So the United States is confronted with a massive challenge from the Haig administration. This is one we can win cheap."

"Nothing less than total foreign policy domination," I told him. "Thanks to the White House's bankrupt detente policy, he has come very close to achieving it."

"Detente!" shrieked D. "At the Republican National Convention we specifically denounced detente as the road to doomsday. Now you tell me the White House has adopted the detente policy toward Haig."

"For weeks," I told him. "Everybody said, 'Let's not go getting tough with Al.' Let's have a detente with him and see if we can't work out an accommodation. Well, you know what that gets you, D."

"Haig interpreted detente as a sign of weakness?"

You bet your sweet subscription to Foreign Affairs he did. While the White House was practicing detente, Haig was aggressively moving into every foreign policy enclave on the map.

"But what happened to will?" asked D. "The will that must be the backbone of American foreign policy. The will to resist aggression."

"The White House had lost it," I said. "Or maybe they were too busy keeping the Soviet ambassador out of the State Department garage to notice what Haig was up to. Maybe they were just scared by Haig's willingness to use terrorism to get his way."

"He used terrorism," I explained. "Every week or so he was terrorizing the White House with a threat to resign and blow the administration sky high. He might have gotten away with it, too, if it hadn't been for the El Bushador."

"What happened, you see, was somebody at the White House said, 'If we don't go back to the containment policy with Haig, the whole foreign policy will fall like a row of dominoes.' Then somebody smart — maybe they called up Henry Kissinger — came up with the idea of making a stand at El Bushador."

"Pour presidential aid into George Bush," they said, "and give him the job of defending foreign policy right here in the White House, right in our own backyard. George is vice president, isn't he? Haig is only a secretary of state. This is one we can win cheap."

D had head spun off and now lay on the desk. "Monstrous!" it said. "Haig has been behaving exactly the way he told us the Russians were. He has been behaving. Shouldn't we embargo his grain imports?"

"Not yet," I explained. "There are still too many unanswered questions. Suppose the whole business is just practice, with Haig playing at being the Russians and the White House playing at being the Americans, so they can test their foreign policy in a realistic game situation."

"Deviously cunning, we Americans," D said. E and F had put him back on and got it backwards. I told him to leave it that way if he wants a job in the government.

"There is an edge to it, but it's not ridiculing people. It does

not give me as much control in 'Shrinking Woman'; they wanted me to use my other characters in it as insurance." Well, as one of her characters, the cocktail organizer Bobbie Jeanine who is always giving world-weary advice, put it. "No one ever calls what we do show art, they call it show biz."

Reviewers Missed Point

She describes Tommy as about 35 and very handsome, a cross between Wayne Newton, Sammy Davis and Dean Martin, with the sweetness of a young Sinatra.

The enthusiastic reviewers who saw him as a satire on a sleazy Las Vegas singer missed the point, she says.

"I'm not knocking Tommy

Velour. He's so charismatic and likable, I'm so tickled by him."

Satire is never her aim.

"There is an edge to it, but it's

not ridiculing people. It does

not give me as much control in 'Shrinking Woman'; they wanted me to use my other characters in it as insurance." Well, as one of her characters, the cocktail organizer Bobbie Jeanine who is always giving world-weary advice, put it. "No one ever calls what we do show art, they call it show biz."

Inspired by Teacher

Lily Tomlin's comic inspirations ranged from a grade school teacher who did dialects to Lulu Bell, Beatrice Lillie, Nichols and May, Imogene Coca, and, above all, the records of the late Ruth Draper. Her own style has probably influenced never

ice. "In the time I was coming up there were very few women comedians. Even men weren't doing comedy with any observation. Now everybody's doing comedy.

Take one boy who does baseball. Put him in the Let stand 55 years. Yield

of fame cookbook and

of the New York

Cookbook Hall of F

ame

Take one boy who does

baseball. Put him in the

Let stand 55 years. Yield

of fame cookbook and

of the New York

Cookbook Hall of F

ame

Take one boy who does

baseball. Put him in the

Let stand 55 years. Yield

of fame cookbook and

of the New York

Cookbook Hall of F

ame

Take one boy who does

baseball. Put him in the

Let stand 55 years. Yield

of fame cookbook and

of the New York

Cookbook Hall of F

ame

Take one boy who does

baseball. Put him in the

Let stand 55 years. Yield

of fame cookbook and

of the New York

Cookbook Hall of F

ame

Take one boy who does

baseball. Put him in the

Let stand 55 years. Yield

of fame cookbook and

of the New York

Cookbook Hall of F

ame

Take one boy who does

baseball. Put him in the

Let stand 55 years. Yield

of fame cookbook and

of the New York

Cookbook Hall of F

ame

Take one boy who does

baseball. Put him in the

Let stand 55 years. Yield

of fame cookbook and

of the New York

Cookbook Hall of F

ame

Take one boy who does

baseball. Put him in the

Let stand 55 years. Yield

of fame cookbook and

of the New York

Cookbook Hall of F

ame

Take one boy who does

baseball. Put him in the

Let stand 55 years. Yield

of fame cookbook and

of the New York

Cookbook Hall of F

ame

Take one boy who does

baseball. Put him in the

Let stand 55 years. Yield

of fame cookbook and

of the New York

Cookbook Hall of F

ame

Take one boy who does

baseball. Put him in the

Let stand 55 years. Yield

of fame cookbook and

of the New York

Cookbook Hall of F

ame

Take one boy who does

baseball. Put him in the

Let stand 55 years. Yield

of fame cookbook and

of the New York

Cookbook Hall of F

ame

Take one boy who does

baseball. Put him in the

Let stand 55 years. Yield

of fame cookbook and

of the New York

Cookbook Hall of F

ame

Take one boy who does

baseball. Put him in the

Let stand 55 years. Yield

of fame cookbook and

of the New York

Cookbook Hall of F

ame

Take one boy who does

baseball. Put him in the

Let stand 55 years. Yield

of fame cookbook and

of the New York

Cookbook Hall of F

ame

Take one boy who does

baseball. Put him in the

Let stand 55 years. Yield

of fame cookbook and

of the New York

Cookbook Hall of F

ame

Take one boy who does

baseball. Put him in the

Let stand 55 years. Yield

of fame cookbook and

of the New York

Cookbook Hall of F

ame

Take one boy who does

baseball. Put him in the

Let stand 55 years. Yield

of fame cookbook and

of the New York

Cookbook Hall of F

ame

Take one boy who does

baseball. Put him in the

Let stand 55 years. Yield

of fame cookbook and